

NEW ISSUE-BOOK-ENTRY ONLY

RATINGS: _____; _____; _____
 Moody's/Standard & Poor's/Fitch Ratings
 (See "Ratings" herein)

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the 2009 Series B Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the 2009 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is further of the opinion that under existing law and regulations, interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. Interest on the 2009 Series C Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

**Official Statement
 Relating to the Issuance of
 Shelby County, Tennessee
 \$120,000,000***

**\$60,000,000*
 General Obligation Public Improvement
 and School Bonds
 2009 Series B**

**\$60,000,000*
 General Obligation Public Improvement and
 School Bonds
 2009 Series C
 (Federally Taxable-Build America Bonds –
 Direct Payment)**

The \$60,000,000* General Obligation Public Improvement and School Bonds, 2009 Series B (the "2009 Series B Bonds") and the \$60,000,000* General Obligation Public Improvement and School Bonds, 2009 Series C (Federally Taxable-Build America Bonds – Direct Payment) (the "2009 Series C Bonds") (collectively, the "Bonds"), are issued in fully registered form without coupons.

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of Bonds by the public may be made through the DTC participants in principal amounts of \$5,000 or integral multiples thereof. Beneficial Owners of the Bonds will not receive physical delivery of Bond certificates. See "The Bonds - Book-Entry System" herein. Interest on the Bonds is payable at the rates specified below on April 1 and October 1, commencing April 1, 2010, to the registered owners as of the close of business on the 15th day of the calendar month next preceding an interest payment date. Interest on the Bonds will be calculated on the basis of a 30-day month and 360-day year.

The Bonds are subject to optional redemption prior to maturity, as described herein.

The Bonds are being issued to provide monies: (i) to finance or refinance the costs of public works projects, including schools, previously financed with a portion of the County's \$120,000,000 outstanding Capital Outlay Extendible Municipal Commercial Paper ("EMCP") Notes, 2008 Series A (the "2008 Series A EMCP") which will be retired with the proceeds of the Bonds; and (ii) to pay costs of issuance on the Bonds. The Bonds are general obligations of the County, and the full faith, credit and unlimited taxing power of the County are pledged to the payment on the Bonds without limitation as to rate or amount. See "The Bonds – Security and Remedies" herein. The County has never defaulted on its bonds or notes.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the [Purchasers] and subject to the receipt of the approving legal opinion of Edwards Angell Palmer & Dodge LLP, West Palm Beach, Florida, Bond Counsel and certain other conditions. It is anticipated that delivery of the Bonds will be made on or about _____, 2009 through the facilities of DTC in New York, New York.

This Official Statement is dated _____.

* Preliminary, subject to change.

\$120,000,000*
Shelby County, Tennessee

\$60,000,000*
General Obligation Public Improvement
and School Bonds
2009 Series B

MATURITY SCHEDULE

Due	Principal	Interest		Initial*
April 1	Amount	Rate	Yield	CUSIP NO.

\$60,000,000*
General Obligation Public Improvement and School Bonds
2009 Series C
(Federally Taxable-Build America Bonds – Direct Payment)

Due	Principal	Interest		Initial*
April 1	Amount	Rate	Yield	CUSIP NO.

* Preliminary, subject to change.

** The County is not responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.

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APPENDIX A

SHELBY COUNTY, TENNESSEE, FINANCIAL STATEMENTS
DATED JUNE 30, 2008.....

Appendix A

No broker, dealer, salesman or any other person has been authorized to give any information or to make any representation other than those contained in the Official Statement in connection with the offering contained herein; and if given or made, such information or representations must not be relied upon. The Official Statement does not constitute an offer of the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The information set forth herein has been obtained from the County and other sources that are believed to be reliable, but the accuracy or completeness of the information is not guaranteed by and is not to be construed as a representation by the Financial Advisors or the County. The delivery of the Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. This Official Statement is not to be construed as a contract with the purchase of the Bonds.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the resolution been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: <http://www.munideals.com>. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

Questions regarding information in this Official Statement should be directed to Michael A. Swift, Deputy Director, Division of Administration and Finance, Shelby County Government, Suite 801, 160 N. Main Street, Memphis, Tennessee 38103 (901/545-4269).

Although Shelby County does not contract to do so, and does not represent that it will do so, it may maintain, from time to time, a mailing list of parties wishing to receive annual and other information regarding Shelby County Government. Parties wishing to receive such information should send a written notice to such effect to Mr. Swift at the address given above.

This Official Statement has been prepared by the Shelby County Deputy Director of Administration and Finance in connection with the original offering for sale by the County of the Bonds referred to above. See the "Introduction" for a discussion of the County's Supplemental Information Statement, which is to be used as Part II of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2009 Series B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET; SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE COUNTY FOR PURPOSES OF RULE 15C2-12 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR CERTAIN INFORMATION PERMITTED TO BE OMITTED PURSUANT TO RULE 15c2-12(b)(1).

**Official Statement
Relating to the Issuance of
Shelby County, Tennessee
\$120,000,000***

\$60,000,000*
**General Obligation Public Improvement
and School Bonds
2009 Series B**

\$60,000,000*
**General Obligation Public Improvement and
School Bonds
2009 Series C
(Federally Taxable-Build America Bonds –
Direct Payment)**

COUNTY OFFICIALS

A C WHARTON, JR., MAYOR

**JAMES F. HUNTZICKER, CHIEF ADMINISTRATIVE OFFICER AND
DIRECTOR, DIVISION OF ADMINISTRATION AND FINANCE**

BOARD OF COUNTY COMMISSIONERS

JOYCE AVERY, CHAIRMAN

**HENRI E. BROOKS
WYATT BUNKER
MIKE CARPENTER
GEORGE S. FLINN, JR.
JOSEPH FORD**

SIDNEY CHISM, CHAIRMAN, PRO TEMPORE

**J.W. GIBSON, II
JAMES M. HARVEY
MATTHEW KUHN
DEIDRE MALONE
STEVE MULROY
MIKE RITZ**

ADMINISTRATIVE

MICHAEL A. SWIFT Deputy Director of Administration and Finance
DOTTIE JONES Director of Community Services
RICHARD S. COPELAND Director of Planning and Development
YVONNE SMITH-MADLOCK Director of Health Services
TED C. FOX Director of Public Works
ANDREW TABER, JR. Director of Corrections
BRIAN L. KUHN County Attorney

BOND COUNSEL

**Edwards Angell Palmer & Dodge LLP
West Palm Beach, Florida**

FINANCIAL ADVISORS

**Public Financial Management, Inc.
Memphis, Tennessee**

**ComCap Advisors, a division of Community Capital
Memphis, Tennessee**

***Preliminary, subject to change.**

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This Summary Statement is not intended to be complete. Before purchasing the Bonds, the purchaser should refer to the Official Statement in its entirety.

SUMMARY OF THE OFFERING

THE BONDS	The \$60,000,000* General Obligation Public Improvement and School Bonds, 2009 Series B (the "2009 Series B Bonds") and the \$60,000,000* General Obligation Public Improvement and School Bonds 2009 Series C (Federally Taxable-Build America Bonds – Direct Payment) (the "2009 Series C Bonds") (collectively, the "Bonds"), are issued in fully registered form without coupons.
BOOK ENTRY SYSTEM	The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of Bonds by the public may be made through the DTC participants in principal amounts of \$5,000 or integral multiples thereof. Beneficial Owners of the Bonds will not receive physical delivery of Bond certificates. See "The Bonds - Book-Entry System" herein.
DENOMINATION.....	Fully registered bonds, \$5,000 or any integral multiple thereof.
DATE OF ISSUE; DELIVERY.....	The Bonds will be delivered on or about September ___, 2009 and will be dated the delivery date.
PRINCIPAL PAYMENTS.....	Principal is payable on April 1, 2011 through April 1, 2030.
INTEREST PAYMENTS	Interest is payable on April 1 and October 1, commencing April 1, 2010.
OPTIONAL REDEMPTION.....	The Bonds maturing on or prior to April 1, 2020 are not subject to redemption prior to maturity. The Bonds maturing on or after April 21, 2021 shall be subject to redemption prior to maturity on or after April 1, 2020 in whole or in part at any time in any order of maturity selected by the County and by lot within a maturity (if less than a full maturity is to be redeemed) at a price equal to par plus accrued interest to the redemption date.
PURPOSE	The Bonds are being issued to provide monies: (i) to finance or refinance the costs of public works projects, including schools, previously financed with a portion of the County's \$120,000,000 outstanding Capital Outlay Extendible Municipal Commercial Paper ("EMCP") Notes, 2008 Series A (the "2008 Series A EMCP") which will be retired with the proceeds of the Bonds; and (ii) to pay costs of issuance on the Bonds.
SECURITY.....	The Bonds will be direct general obligations of Shelby County, Tennessee. The full faith, credit and taxing power of the Shelby County, Tennessee, are irrevocably pledged for the prompt payment of the principal of, premium, if any, and interest on the Bonds.
BOND COUNSEL	Edwards Angell Palmer & Dodge LLP, West Palm Beach, Florida.

*Preliminary, subject to change.

TAX STATUS.....	In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the 2009 Series B Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the 2009 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is further of the opinion that under existing law and regulations, interest on the Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. Interest on the 2009 Series C Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.
FINANCIAL ADVISORS	Public Financial Management, Inc. and ComCap Advisors, a division of Community Capital LLC.
PAYING AGENT AND REGISTRAR	Shelby County Trustee.
FINANCIAL STATEMENTS.....	Independent auditors have audited financial statements for the years ended June 30, 2004 through 2008. Information presented herein is derived from these audited financial statements.

**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF
SHELBY COUNTY, TENNESSEE**

\$120,000,000*

\$60,000,000*
**General Obligation Public Improvement
and School Bonds
2009 Series B**

\$60,000,000*
**General Obligation Public Improvement and
School Bonds
2009 Series C
(Federally Taxable-Build America Bonds –
Direct Payment)**

INTRODUCTION

This OFFICIAL STATEMENT which includes the cover page and the appendices attached hereto contains information concerning (a) the \$60,000,000* General Obligation Public Improvement and School Bonds, 2009 Series B (the “2009 Series B Bonds”), the \$60,000,000* General Obligation Public Improvement and School Bonds, 2009 Series C (Federally Taxable-Build America Bonds – Direct Payment) (the “2009 Series C Bonds”) (collectively, the “Bonds”), and (b) Shelby County, Tennessee (the “County”), a political subdivision of the State of Tennessee.

Part II of this Official Statement is the Supplemental Information Statement of the County. The following appendix is attached to Part II hereof: APPENDIX A – Shelby County, Tennessee, Financial Statements, dated June 30, 2008.

THE BONDS

Description of the Bonds

The Bonds will be issued under and subject to the terms and conditions contained in a resolution adopted by the County on _____, 2009 (the “Resolution”). The Bonds are being issued to provide monies together with other legally available funds of the County: to finance or refinance the costs of public works projects, including schools, previously financed with a portion of the County’s \$120,000,000 outstanding Capital Outlay Extendible Municipal Commercial Paper (“EMCP”) Notes, 2008 Series A (the “2008 Series A EMCP”) which will be retired with the proceeds of the Bonds; and (ii) to pay costs of issuance on the Bonds. The Bonds will be dated, will mature and will bear interest, all as set forth on the cover of this Official Statement. Interest on the Bonds will be payable semiannually on April 1 and October 1 each year beginning April 1, 2010.

The Bonds will be issued as fully registered bonds without coupons, in the denomination of principal amounts of \$5,000 or integral multiples thereof. Interest on all Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

The County currently intends to elect to treat the 2009 Series C Bonds as “Build America Bonds (Direct Payment)” for purposes of the American Recovery and Reinvestment Tax Act of 2009 and to receive a cash subsidy from the United States Treasury in connection therewith.

Book-Entry System

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of interest and principal on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined in this Official Statement) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the County for inclusion in this Official Statement. Accordingly, the County cannot make any representations concerning these matters.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

*Preliminary, subject to change.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market investments (from over 100 countries) that its DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Direct and Indirect Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC will mail an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of

principal, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy of such information.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS, (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE BOND ORDINANCE, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS THE NOMINEE OF DTC, AS REGISTERED OWNER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED HOLDERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry System

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent and Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. In either of the situations described in this paragraph, definitive replacement Bonds shall be issued only upon surrender to the County or an agent appointed by the County of the Bonds by DTC, accompanied by registration instructions for the definitive replacement Bonds from DTC. The County shall not be liable for any delay in delivery of such instructions and conclusively may rely on and shall be protected in relying on such instruction of DTC.

Optional Redemption

The Bonds maturing on or prior to April 1, 2020 are not subject to redemption prior to maturity. The Bonds maturing on or after April 1, 2021 shall be subject to redemption prior to maturity on or after April 1, 2020 in whole or in part at any time in any order of maturity selected by the County and by lot within a maturity (if less than a full maturity is to be redeemed) at a price equal to par plus accrued interest to the redemption date.

Extraordinary Optional Redemption

The 2009 Series C Bonds are subject to redemption prior to maturity at the option of the County in whole or in part on any date during the period from the date of issuance of the 2009 Series C Bonds until April 1, 20__ in the event that the government of the United States of American evidences, in the sole judgment of the Treasurer, by action or failure to act that it will not provide for direct payments to be made to the State in an amount equal to or greater than thirty-five percent (35%) of the interest payable on the 2009 Series C Bonds on any Interest Payment Date. The redemption price (the "Extraordinary Redemption Price") will be equal to the greater of:

- (1) the principal amount of such 2009 Series C Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2009 Series C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2009 Series C Bonds are to be redeemed, discounted to the date on which such 2009 Series C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus __ basis points; plus, in each case, accrued interest on such 2009 Series C Bonds to be redeemed to the redemption date.

"Treasury Rate" means, as of the redemption date, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to

maturity; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The redemption price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the State at the State's expense and such redemption price shall be conclusive and binding on the owners of the 2009 Series B Bonds.

Notice of Redemption

Notice of any redemption of the Bonds shall specify the Bonds to be redeemed, the redemption date and the place where the amount due will be payable. Such notice shall also state that upon the date fixed for redemption the principal amount thereof plus the premium, if any, due on the redemption date together with the accrued interest thereon shall become due and payable. The County shall cause the Registrar for the Bonds to mail a copy of such notice at least 30 days before the redemption date to the registered owners of the Bonds at their address appearing on the registration books as of the 45th day preceding the date fixed for redemption. As long as a book-entry system is used to determine ownership of the Bonds, the County shall send notice of redemption to DTC. Any failure of DTC to mail such notice to any DTC participant will not affect the sufficiency or the validity of the redemption of the Bonds.

Authority for Issuance of the Bonds

The County, pursuant to Section 9-21-101 through 9-21-916, of the Tennessee Code Annotated ("T.C.A.") has the power and is authorized to issue by resolution general obligation refunding bonds to refund outstanding obligations lawfully issued, and to secure such bonds as provided in Section 9-21-101, *et seq.*, of the T.C.A. and Section 9-21-915 of the T.C.A.

Security and Remedies

The Bonds will be direct general obligations of the County and the County has pledged its full faith and credit and unlimited taxing power to the punctual payment of the principal of and interest on the Bonds. A tax sufficient to pay when due such principal and interest shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the County and shall be in addition to all the other taxes authorized or limited by law. It shall be the duty of the Board of County Commissioners of Shelby County, Tennessee (the "Board") to include in the annual levy tax sufficient to pay the interest on and principal of the Bonds as the same become due. When any part of the principal of or interest on the Bonds shall not be paid when due there shall be levied and assessed by said Board and collected by the proper collecting officers at the first assessment, levy and collection of taxes in the County, after such omission or failure, a tax sufficient to pay the same.

Any owner or owners of the Bonds, including a trustee or trustees for holders of the Bonds, shall have the right, in addition to all other rights: (a) by mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce his or their rights against the County and the Board and any officer, agent or employee of the County, including, but not limited to, the right to require the County and its Board and any proper officer, agent or employee of the County to assess, levy and collect taxes to carry out any agreement as to, or pledge of, such taxes and to require the County and Board and any officer, agent or employee of the County to carry out any other covenants and agreements and to perform its and their duties under the provisions of the T.C.A. and (b) by action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such owner or owners of the Bonds.

SUMMARY OF AUDITED GENERAL FUND BALANCES FOR FISCAL YEARS ENDED JUNE 30 (in thousands)

	2004	2005	2006	2007	2008
Beginning Fund Balance	\$ 25,160	\$ 35,590 ⁽¹⁾	\$ 41,697	\$ 45,297	\$ 51,297
Revenue	335,572	311,561	332,908	348,971	363,139
Expenditures	(316,383)	(300,958)	(308,857)	(326,638)	(344,305)
Other Financing Sources (Uses)	(8,908)	(4,496)	(20,451)	(16,333)	(4,627)
Ending Fund Balance	<u>\$ 35,441</u>	<u>\$ 41,697</u>	<u>\$ 45,297</u>	<u>\$ 51,297</u>	<u>\$ 65,504</u>

⁽¹⁾ As restated to record interest on advances and reclassification of amounts restricted for air pollution as a separate special revenue fund.

OTHER SHORT-TERM FINANCING

[Since 1997, the County has been using short-term bond anticipation and capital outlay notes ("EMCP") to fund its capital improvement budget. Approximately two years after the expenditure of the approved capital improvement budget, the short-term borrowings are designed to be refinanced with the proceeds of long-term debt. The EMCP issues are direct obligations of the County, to which is pledged the taxing power of the County as to all taxable property in the County. On February 11, 2008, the County authorized the issuance of not to exceed \$120,000,000 of EMCP all of which have been issued.

ANTICIPATED DEBT ISSUANCE

The County plans to issue general obligation bonds to refund its General Obligation Variable Rate Demand Refunding Bonds, 2006 Series C in the fall of 2009.

SOURCES AND USES OF FUNDS

Par Amount of Bonds	\$	Retirement of 2008 Series A EMCP	\$
Original Issue Premium/(Discount)		Underwriters' Discount	
		Cost of Issuance ⁽¹⁾	
	<u>\$</u>		<u>\$</u>

⁽¹⁾ Includes fees for the financial advisors, bond counsel, rating agencies, printing, and other expenses associated with issuance of the Bonds.

ANALYSIS OF VALUE OF TAXABLE PROPERTY (As of December 17, 2008)

	Appraised Value of Taxable Property	% of Total	Assessed Valuation	% of Total
Real Estate				
Residential & Farm (25%)	\$ 40,738,295,900	66.37%	10,184,573,975	56.30%
Commercial & Industrial (40%)	13,825,892,200	22.52%	5,530,133,410	30.57%
Multiples	516,748,000	0.84%	75,423,870	0.42%
Personalty Property				
Commerical, Industrial & Farm (30%)	4,666,314,700	7.60%	1,399,927,470	7.74%
Intangibles	3,933,000	0.01%	1,573,200	0.01%
Public Utilities				
Real and Personal - Local (55%)	1,803,000		991,650	0.01%
Privately Owned - State ⁽¹⁾	1,630,328,280	2.66%	896,680,554	4.96%
Total	<u>\$ 61,383,315,080</u>	100.00%	<u>\$ 18,089,304,129</u>	100.00%

⁽¹⁾ Real Estate, Personalty Property, Intangibles and Public Utilities Real and Personal-Local are based on values certified by the Shelby County Assessor's office as of April 20, 2008. Privately Owned State values are based on the State Comptroller of the Treasury assessments for the 2008 tax roll. The 2008 values were issued by the State of Tennessee on December 17, 2008. Note: Totals may not add up due to rounding.

LONG-TERM DEBT SUMMARY
(As of June 30, 2008)
[TO BE UPDATED]

Direct Bonded Indebtedness ⁽¹⁾	\$ 1,695,408,631
Less: Self-Supporting Bonds	<u>(65,054,070)</u>
Net Direct Bonded Indebtedness	1,630,354,561
Underlying Bonded Indebtedness ⁽²⁾	<u>1,149,483,838</u>
Total Net Direct & Underlying Bonded Indebtedness	<u>\$ 2,779,838,399</u>

⁽¹⁾ Includes \$28.7 million of Special General Obligation School Bonds, 2003 Series A, which are supported by a tax on the taxable property located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside the City of Memphis.

⁽²⁾ The Underlying Bonded Indebtedness, which is as of June 30, 2008, includes gross debt for Memphis, Germantown, Bartlett, Collierville, Arlington, and Millington.

DEBT RATIOS ⁽¹⁾
(As of June 30, 2008)
[TO BE UPDATED]

	Debt Per Capita (a)	Debt % Assessed Valuation (b)	Debt % Appraised Valuation (c)
Total Countywide Bonded Indebtedness			
Total Direct Bonded Indebtedness	\$1,863	9.37%	2.76%
Total Direct Net Bonded Indebtedness	\$1,791	9.01%	2.66%
Total Direct & Underlying Net Bonded Indebtedness	\$3,054	15.37%	4.53%
 (a) Shelby County Population (2007 U.S. Census):		910,100	
(b) 2008 Assessed Valuation ⁽¹⁾ :		\$18,089,304,129	
(c) 2008 Appraised Valuation ⁽¹⁾ :		\$61,383,315,080	

⁽¹⁾ Based on valuations as of December 17, 2008.

SHELBY COUNTY, TENNESSEE
LONG-TERM DEBT SERVICE REQUIREMENTS ⁽¹⁾
(As of June 30, 2008; in thousands of dollars)

Fiscal Year Ending June 30	Existing Debt Service ⁽²⁾			This Issue			Existing & New Debt Service ⁽²⁾			% Of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2009	\$ 92,193	\$ 69,920	\$ 162,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2010	100,395	61,258	161,653	-	-	-	-	-	-	
2011	101,265	56,706	157,971	-	-	-	-	-	-	
2012	86,797	68,088	154,885	-	-	-	-	-	-	
2013	78,915	70,032	148,947	-	-	-	-	-	-	0.0%
2014	89,933	53,378	143,311	-	-	-	-	-	-	
2015	87,763	49,939	137,702	-	-	-	-	-	-	
2016	89,218	43,134	132,352	-	-	-	-	-	-	
2017	81,095	44,861	125,956	-	-	-	-	-	-	
2018	86,595	33,856	120,451	-	-	-	-	-	-	0.0%
2019	85,135	30,219	115,354	-	-	-	-	-	-	
2020	81,755	26,771	108,526	-	-	-	-	-	-	
2021	78,090	23,083	101,173	-	-	-	-	-	-	
2022	75,115	20,040	95,155	-	-	-	-	-	-	
2023	70,360	17,161	87,521	-	-	-	-	-	-	0.0%
2024	67,520	14,390	81,910	-	-	-	-	-	-	
2025	65,370	12,024	77,394	-	-	-	-	-	-	
2026	56,220	9,507	65,727	-	-	-	-	-	-	
2027	52,705	7,302	60,007	-	-	-	-	-	-	
2028	41,955	5,356	47,311	-	-	-	-	-	-	0.0%
2029	40,535	3,696	44,231	-	-	-	-	-	-	
2030	34,130	2,302	36,432	-	-	-	-	-	-	
2031	27,500	1,125	28,625	-	-	-	-	-	-	
2032	8,540	164	8,704	-	-	-	-	-	-	0.0%
Total ⁽¹⁾	\$ 1,679,099	\$ 724,312	\$ 2,403,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

(1) Totals may not add up due to rounding.

(2) This schedule includes capital appreciation bonds. The original principal amount of and accrued interest on are not recognized or payable until each prospective maturity date.

RATINGS

Moody's, Standard & Poor's and Fitch Ratings have assigned ratings of ____, ____, and ____, respectively, to the Bonds. Further explanation of the significance of these ratings may be obtained from Standard & Poor's, Moody's, and Fitch Ratings. Any ratings are not a recommendation to buy, sell or hold the Bonds. The County furnished to each rating agency certain information and materials, some of which may not be included in this Official Statement. There is no assurance that any such ratings will not be withdrawn or revised downward by Standard & Poor's, Moody's, and Fitch. Such action, if taken, could have an adverse effect on the market price of the Bonds. The County makes no representation as to the appropriateness of the ratings.

CONTINUING DISCLOSURE

(a) *Disclosure of Annual Information.* The County has agreed, in accordance with the provisions of Rule 15c2-12 in effect from time to time and applicable to the Bonds (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, to provide, either directly or indirectly through a designated agent, to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB and such other municipal securities information repository as maybe required by law or applicable regulation, from time to time (each such information repository, a "MSIR", (i) within 180 days following the end of each Fiscal Year of the County commencing with the Fiscal Year ending June 30, 2009, annual financial information and operating data concerning the County, of the type included in this Official Statement, and, if not included with the annual financial information, then, when and if available, audited financial statements prepared in accordance with generally accepted accounting principles applicable to the County. A copy of such annual financial information and operating data will be provided by the County to the initial purchasers of the Bonds. If audited financial statements are not available at the time of required filings as set forth above, unaudited financial information shall be filed pending the availability of audited financial statements. (The information required to be disclosed in this paragraph (a) shall be referred to herein as the "Annual Report").

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that the County agrees that any such modification will be done in a manner consistent with the Rule.

(b) *Disclosure of Material Events.* The County agrees to provide either directly or indirectly through a designated agent, in a timely manner, to each MSIR notice of the occurrence of any of the following events with respect to the Bonds, if such event is material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of the security holders;
- (viii) bond calls (other than scheduled mandatory redemption the terms of which are in the Official Statement and for which notice has been provided in accordance with the Rule) or any acceleration of the maturity thereof;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities;
- (xi) rating changes; and
- (xii) any changes in the County's Fiscal Year.

(c) *Notice of Failure.* The County agrees to provide or cause to be provided, in a timely manner, to each MSIR notice of a failure by the County to provide the Annual Report described in subsection (a) above on or prior to the date set forth therein.

(d) *Termination.* The County reserves the right to terminate its obligation to provide the Annual Report and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Bonds (within the meaning of the Rule). If the County believes such condition exists, the County will provide notice of such termination to each MSIR. .

(e) *Undertaking for Benefit of Holders and Beneficial Owners.* The County agrees that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by any holder or beneficial owner; provided that the right to enforce the provisions of the undertaking shall be limited to a right to obtain specific enforcement of the County's obligations thereunder and any failure by the County to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under the Resolution.

(f) *Voluntary Disclosure Shall Not Bind County.* Any voluntary inclusion by the County of information in its Annual Report of supplemental information that is not required by the Rule shall not expand the obligations of the County under the Rule and the County shall have no obligation to update such supplemental information or include it in any subsequent report.

(g) *Third Parties.* The covenants described herein are solely for the benefit of the holders and beneficial owners of the Bonds and shall not create any rights in any other parties.

(h) *Amendments Waiver.* Notwithstanding any other provision of the Resolution, the County may amend the provisions of the Resolution described under this caption "Continuing Disclosure" and any such provision may be waived, provided that the following conditions are satisfied:

- (1) If the amendment or waiver relates to the provisions of paragraphs (a), (b), or (c) above, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the County or the type of business conducted by the County;
- (2) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) The amendment or waiver does not materially impair the interests of holders and beneficial owners as determined either by parties unaffiliated with the County or an obligated person, or by an approving vote of the holders of at least a majority in aggregate principal amount of the then outstanding Bonds pursuant to the terms of the Resolution.

In the event of any such amendment or waiver of a provision described above, the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of annual financial information or operating data being presented by the County. In addition, if the amendment or waiver relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as set forth in subsection (b) and (ii) the Annual Report for the year in which the change is made must present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

The County has never failed to comply with any of its continuing disclosure obligations pursuant to the Rule.

LITIGATION

At the time of original delivery of the Bonds, there will also be furnished to the Underwriters a certificate of certain officers of the County stating that except as disclosed in the Official Statement there is no litigation then pending, or to their knowledge threatened, affecting the validity of the Bonds or the power of the County to levy and collect ad valorem taxes to pay them.

The County is a defendant in various other lawsuits arising in the ordinary course of operations from those seeking awards for property damage and personal injury, contesting its taxing authority, and questioning certain personnel practices and policies. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's administration (including the County Attorney) that the ultimate disposition of these matters will not materially affect the financial condition of the County. Under the Tennessee Governmental Tort Liability Act, §§29-20-101 through 29-20-408 of the Tennessee Code Annotated (the "Act"), all governmental entities in Tennessee are immune from suit for any injury which may result from the activities of such governmental entities when engaged in the exercise and discharge of any function, except within the limits provided in the Act. Pursuant to the Act there are limits for liability for governmental entities for bodily injury or death of any one person in any one accident, occurrence or act, unless and to the extent insurance is provided. The County is self-insured within these limits.

TAX MATTERS

2009 Series B Bonds

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the County ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2009 Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the 2009 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and Bond Counsel observes that such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. Although a portion of the interest on certain tax-exempt obligations earned by certain corporations may be included in the calculation of adjusted current earnings for purposes of the federal corporate alternative minimum tax, interest on certain tax-exempt obligations issued in 2009 and 2010, including the 2009 Series B Bonds, is excluded from that calculation as a result of the enactment of the American Recovery and Reinvestment Act of 2009. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the 2009 Series B Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the 2009 Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2009 Series B Bonds. The County has covenanted to comply with such requirements to ensure that interest on the 2009 Series B Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel will also opine that under existing law and regulations interest on the 2009 Series B Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Exhibit A hereto.

To the extent the issue price of any maturity of the 2009 Series B Bonds is less than the amount to be paid at maturity of such 2009 Series B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2009 Series B Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the 2009 Series B Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2009 Series B Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2009 Series B Bonds accrues daily over the term to maturity of such 2009 Series B Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2009 Series B Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2009 Series B Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of 2009 Series B Bonds with original issue discount, including the treatment of purchasers who do not purchase such 2009 Series B Bonds in the original offering to the public at the first price at which a substantial amount of such 2009 Series B Bonds is sold to the public.

2009 Series B Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such 2009 Series B Bonds, or, in some cases, at the earlier redemption date of such 2009 Series B Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the property treatment of amortizable bond premium in their particular circumstances.

Prospective Bondholders should be aware that certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2009 Series B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2009 Series B Bonds may adversely affect the value of, or the tax status of interest on, the 2009 Series B Bonds. Further, no assurance can be given that pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the value of, or the tax status of interest on, the 2009 Series B Bonds. Prospective Bondholders are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Although Bond Counsel is of the opinion that interest on the 2009 Series B Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the 2009 Series B Bonds may otherwise affect a 2009 Series B Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondholder or the 2009 Series B Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences, and 2009 Series B Bondholders should consult with their own tax advisors with respect to such consequences.

2009 Series C Bonds

General

Bond Counsel will opine that under existing law and regulations interest on the 2009 Series C Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes. A complete copy of the proposed form of opinion of Bond Counsel for the 2009 Series C Bonds is set forth in Exhibit B hereto. Bond Counsel expresses no opinion as to any other tax consequences regarding the 2009 Series C Bonds.

INTEREST ON THE 2009 SERIES C BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. PROSPECTIVE PURCHASERS OF THE 2009 SERIES C BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISERS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE 2009 SERIES C BONDS.

Circular 230

THE FOREGOING DISCUSSION IN "TAX MATTERS – 2009 SERIES C BONDS" WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE 2009 SERIES C BONDS. THE FOREGOING DISCUSSION IN "TAX MATTERS – 2009 SERIES C BONDS" WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE 2009 SERIES C BONDS. EACH PROSPECTIVE PURCHASER OF THE 2009 SERIES C BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SALE OF THE BONDS

The Bonds were sold by the County at a public auction on _____. Details concerning the sale of the Bonds were provided to bidders in the _____ relating to the Bonds, which were distributed with the Official Statement.

The successful bidder on the Bonds, _____ (the "Purchaser"), has agreed, subject to the conditions of Closing set forth in the _____, to purchase the Bonds at a purchase price of \$_____ (or _____%), which includes net original issue premium (discount) of \$_____ and a Purchaser's discount of \$_____, and re-offer the bonds at an initial offering price of \$_____ (_____%). The Purchaser has agreed to purchase all of the Bonds if any Bonds are purchased.

FINANCIAL ADVISORS

This Official Statement has been prepared under the direction of the Shelby County Government by the Director of Administration and Finance and with the assistance of ComCap Advisors, a division of Community Capital, Memphis, Tennessee and Public Financial Management, Inc., Memphis, Tennessee, (collectively, the Financial Advisors), employed by the County to perform professional services in the capacity of financial advisors. The Financial Advisors have provided advice on the plan of financing and structure of the issue, reviewed and commented on certain legal and disclosure documents, and drafted certain portions of the Offering Statement based upon information provided by the County.

The information set forth in this Official Statement has been obtained from the County and other sources which are believed to be reliable. The Financial Advisors have not verified the factual information contained herein but have relied on the County's data and the County's Certificate as to the Offering Statement. As such, the Financial Advisors do not guarantee the accuracy of the factual information contained herein.

Approved by resolution of the Board of County Commissioners of Shelby County, Tennessee, on _____, 2009.

/s/
JOYCE AVERY
Chairman, Board of County Commissioners

/s/
A C WHARTON, JR.
Mayor

EXHIBIT A
FORMS OF OPINION OF BOND COUNSEL

_____, 2009

\$60,000,000*
**General Obligation Public Improvement
and School Bonds
2009 Series B**

(the “2009 Series B Bonds”) lettered R and numbered from 1 consecutively upwards, in registered form in the denomination of \$5,000 or any integral multiple thereof, bearing interest from their date and payable semiannually on April 1 and October 1 of each year, commencing April 1, 2010 at the interest rates per annum and maturing on April 1 of each year, in the years and amounts as follows:

[illegible]

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The 2009 Series B Bonds, recite that they are issued under the Constitution and statutes of the State of Tennessee, including Sections 9-21-101 through 9-21-916 of the Tennessee Code Annotated, and pursuant to the resolution (the "Resolution") adopted by the Board of County Commissioners of the County for the purpose of providing moneys to refund outstanding obligations lawfully issued and to pay the costs of issuance. We have examined the Constitution and statutes of the State of Tennessee and certified copies of the proceedings of the Board of County Commissioners of the County authorizing the issuance of the 2009 Series B Bonds and such other papers, instruments, and documents in this matter, as we have deemed necessary or advisable.

We have also examined 2009 Series B Bond No. R-1 as executed.

In our opinion, the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, and constitute valid and legally binding obligations of the County, and the County has the power and is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the County subject to taxation by the County, without limitation of rate or amount.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to judicial discretion, the exercise of sovereign police powers of the State of Tennessee and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization and moratorium and other laws for the relief of debtors.

The County has entered into certain covenants with the owners of the Bonds, for the terms of which reference is made to the Resolution.

Interest on the 2009 Series B Bonds is excluded from the gross income of the owners of the 2009 Series B Bonds for federal income tax purposes. In addition, interest on the 2009 Series B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, and such interest is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Issuer with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the 2009 Series B Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure by the County to comply with certain of such requirements may cause interest on the 2009 Series B Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the 2009 Series B Bonds.

It is also our opinion that under existing laws and regulations interest on the 2009 Series B Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

Respectfully yours,

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EXHIBIT B
FORMS OF OPINION OF BOND COUNSEL

_____, 2009

\$60,000,000*
General Obligation Public Improvement
and School Bonds
2009 Series C
(Federally Taxable-Build America Bonds – Direct Payment)

(the “2009 Series C Bonds”) lettered R and numbered from 1 consecutively upwards, in registered form in the denomination of \$5,000 or any integral multiple thereof, bearing interest from their date and payable semiannually on April 1 and October 1 of each year, commencing April 1, 2010 at the interest rates per annum and maturing on April 1 of each year, in the years and amounts as follows:

[illegible]

B-2

The 2009 Series C Bonds, recite that they are issued under the Constitution and statutes of the State of Tennessee, including Sections 9-21-101 through 9-21-916 of the Tennessee Code Annotated, and pursuant to the resolution (the "Resolution") adopted by the Board of County Commissioners of the County for the purpose of providing moneys to refund outstanding obligations lawfully issued and to pay the costs of issuance. We have examined the Constitution and statutes of the State of Tennessee and certified copies of the proceedings of the Board of County Commissioners of the County authorizing the issuance of the 2009 Series C Bonds and such other papers, instruments, and documents in this matter, as we have deemed necessary or advisable.

We have also examined 2009 Series C Bond No. R-1 as executed.

In our opinion, the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of Tennessee, and constitute valid and legally binding obligations of the County, and the County has the power and is obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the County subject to taxation by the County, without limitation of rate or amount.

It is to be understood that the rights of the holders of the 2009 Series C Bonds and the enforceability thereof may be subject to judicial discretion, the exercise of sovereign police powers of the State of Tennessee and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization and moratorium and other laws for the relief of debtors.

The County has entered into certain covenants with the owners of the 2009 Series C Bonds, for the terms of which reference is made to the Resolution.

Interest on the 2009 Series C Bonds is not excluded from gross income for federal income tax purposes. No opinion is rendered with respect to the federal tax consequences of ownership of the 2009 Series C Bonds.

It is also our opinion that under existing laws and regulations interest on the 2009 Series C Bonds is exempt from all state, county and municipal taxation within the State of Tennessee, except for inheritance, transfer and estate taxes and except to the extent such interest may be included within the measure of corporate privilege taxes.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

Respectfully yours,

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PART II
SUPPLEMENTAL INFORMATION STATEMENT

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TABLE OF CONTENTS

If this Supplemental Information Statement is used as a Part II of any Official Statement prepared by the County to offer and sell securities, this Table of Contents will relate only to that Part II. A separate Table of Contents will be included at the front of Part I of the Official Statement for that part.

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No person, except as noted on the cover page, has been authorized by the County to give any information or to make any representations not contained in this Supplemental Information Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized.

The information, estimates, and expressions of opinion in this Supplemental Information Statement are subject to change without notice. The delivery of this Supplemental Information Statement shall not, under any circumstances, create any implication that there has been no material change in the affairs of the County since the date of this Supplemental Information Statement.

**SHELBY COUNTY GOVERNMENT
SUPPLEMENTAL INFORMATION STATEMENT**

In addition to providing audited financial information as of and for the year ended June 30, 2008, Shelby County, Tennessee (the "County") intends that this Supplemental Information Statement will be used, together with information to be specifically provided by the County for that purpose, in connection with the offering and issuance by the County of its securities.

The County has prepared a comprehensive annual financial report containing additional financial statements for fiscal year ended June 30, 2008, in addition to other information for the periods covered by this Supplemental Information Statement.

Although the County does not contract to do so and does not represent that it will do so, it may maintain, from time to time, a mailing list of parties wishing to receive annual and other information regarding the County.

Please contact Mr. Michael A. Swift, Shelby County Government, Suite 801, 160 N. Main Street, Memphis, Tennessee, 38103 (901/545-4269) for questions regarding information in this Supplemental Information Statement, copies of the Comprehensive Annual Financial Report including Financial Statements, or placement on the mailing list for the Supplemental Information Statement.

**The date of this Supplemental Information Statement is June 30, 2008.
(Unless otherwise stated herein)**

THE GOVERNMENT OF SHELBY COUNTY, TENNESSEE

The County was established in 1819 and covers 783 square miles in southwest Tennessee. Of this, 317 square miles are within the city limits of Memphis (the "City of Memphis" or the "City"). The County has jurisdiction over all unincorporated areas of the County and provides some major services within the City of Memphis, such as supplemental funding for The Regional Medical Center (The MED), a complex of health care facilities aimed primarily at the needy.

The County is governed by a mayor-commissioner form of government under a Home Rule Charter that went into effect on September 1, 1986. Each serves a 4-year term. The Mayor is the County's chief executive officer ("Mayor") and oversees the operation of six divisions - Administration and Finance; Community Services; Corrections; Health Services; Planning and Development; and Public Works. The Mayor must sign all contracts.

The 13-member Board of County Commissioners of Shelby County (the "Board of County Commissioners"), the legislative branch of the government, is responsible for reviewing and approving the administration's programs and budgets.

Together the administration and Board of County Commissioners are responsible for governing the most populous of Tennessee's 95 counties, with a personnel staff of approximately 6,270 people and have the direct duty of providing services for 910,100 citizens according to the 2007 estimated census data.

Administration

The following are brief personal resumes of County Administration Officials:

A C Wharton, Jr., Mayor of Shelby County – Mayor Wharton graduated with honors from Tennessee State University in 1966, with a major in political science. He continued his education and received his law degree from the University of Mississippi Law School. Mayor Wharton then accepted a position with the Office of the General Counsel of the Equal Employment Opportunity Commission in Washington, D.C. Two years later, he moved to the Lawyers' Committee for Civil Rights Under Law, where he headed the Public Employment Project founded by the Rockefeller Foundation, which worked to eliminate discrimination from employment practices. In November 1973, Mayor Wharton served as executive director of Legal Services in Memphis and was a part-time professor of law at the University of Mississippi from 1974 until 1999. In 1980, then Shelby County Mayor Bill Morris tapped him to become the Public Defender, a part-time position he coupled with his private law practice. Mayor Wharton chaired the County's Jail Overcrowding Committee, where he found solutions to ease overcrowding in the County jail. Additionally, Mayor Wharton served as Chair for the Tennessee Higher Education Commission, which dealt with the funding and oversight of billions of dollars for dormitory finances and other general higher education financial operations. During his tenure as Chair of the Methodist Hospital Board, he chaired the Audit and Compliance Committees and served on the Finance Committee. Mayor Wharton has held memberships on the Boards of the Memphis Federal Reserve Bank, NationsBank, and the Bank of America. He was elected Mayor in August 2002 after 22 years as Shelby County's Public Defender. Mayor Wharton is vice chairman of the Tennessee Higher Education Commission and a member of the Board of Visitors at the University of Memphis.

Since taking office in 2002, Mayor Wharton has focused on bringing changes to those areas of County Government that produce additional debt. Specifically, he created a Needs Assessment Committee to screen capital expenditure proposals for the two school systems; has developed and pursue annually alternate funding mechanisms that would reduce greatly school capital expenditures; has shifted responsibility for many county operations to the private sector or to local municipalities; and has hired a complement of internal auditors to monitor not only physical activities, but performance activities as well. Additionally, he spearheaded a thorough study of all county revenue and expenditure functions, which led to the County's first five-year Strategic Financial and Management Plan.

James F. Huntzicker, Chief Administrative Officer and Director, Division of Administration and Finance – Mr. Huntzicker currently serves in both positions. He was appointed as Chief Administrative Officer in August 2007 and Director of Administration and Finance in November 2002. Mr. Huntzicker has 25 years of experience in finance, real estate and general management. He oversees all financial and risk management functions within County government. From 1999 until his County employment, Mr. Huntzicker worked as an affiliate broker for McKee & McFarland, Inc. Prior to that, he served as Director of Business Development for Space Center Memphis, Inc. He was President/Founder of the Nonconnah Health Corporation from 1993 until 1997 and he served as Chairman and CEO of Health Industries of America, Inc. from 1985 until 1992. Mr. Huntzicker was employed by the County in 1980 as Director of Finance and Administration and ultimately was the Chief Administrative Officer until 1985. He is a graduate of Drake University with a B.S. degree in Business Administration with emphasis in economics and finance. Mr. Huntzicker has served as an officer of the East Memphis Rotary Club and as a board member of the Convention & Visitors Bureau and Cook Convention Center. He currently serves on the Retirement Board of the Shelby County Retirement System and is Chairman of its Investment Committee.

Michael A. Swift, Deputy Director of Administration and Finance – Mr. Swift assumed his position as deputy director in October 2007. He has worked for Shelby County for 16 years including the last 8 years as the Administrator of the Finance Department. He oversees finance, information technologies, employee benefits and risk management. Prior to his County employment, he worked for Coopers & Lybrand, Certified Public Accountants for 11 years where his clients included Shelby County, City of Memphis, Memphis City Schools and a broad array of corporate entities. He also spent five years in private industry primarily as Vice President – Finance and Controller of a health care company. He is a graduate of the University of Missouri with a Bachelor of Science degree in Business Administration with a major in Accounting. Mr. Swift is a member of the Board of the Cook Convention Center and the American Institute of Certified Public Accountants.

Dottie Jones, Director of Community Services – Ms. Jones joined Shelby County Government as Director of the Division of Community Services in December 2006. As Director, she directs the initiatives of five departments, including Shelby County Head Start, Community Services Agency, Crime Victims Center, Aging Commission of the Mid-South and Shelby County Pretrial Services. In addition, the division is responsible for the Office of Grants Coordination and Management as well as the County's legislative initiatives in the State Capitol and in Washington, DC. Prior to joining the County, Ms. Jones served as Administrator of the City of Memphis Office of Intergovernmental Relations since February 2000. The office was created to provide the City of Memphis with a focused and coordinated approach to relationships with other government entities, including the Federal government, the State of Tennessee, Shelby County government, and other local municipalities. The office also coordinated the City's legislative efforts in Washington and Nashville and was responsible for researching and identifying Federal, State and private grant opportunities. During her tenure with the City of Memphis, Ms. Jones was responsible for raising over \$250 million in competitive grants and federal appropriations. Ms. Jones has 26 years experience working in fund raising and marketing for non-profit organizations and government relations. She served as vice-president for marketing & communications for United Way of the Mid-South, where she was responsible for all communications, public relations, marketing and special events. Prior to joining United Way, she was with the Southern Poison Center and the YWCA of Greater Memphis. Ms. Jones is serving a third term as a member of the Tennessee Advisory Committee for the United States Commission on Civil Rights. She is a 1998 graduate of Leadership Memphis and past president of Network of Memphis and Women of Achievement. She currently serves on the Board of Directors for the Women's Foundation for a Greater Memphis. She has a Masters in Business Administration from University of Memphis and a Bachelor Degree in Sociology and Business from Queens College in Charlotte, NC.

Richard S. Copeland, Director of Planning and Development – Mr. Copeland assumed his position as director in January 2004. He oversees the joint agency of the city of Memphis and Shelby County that provides guidance and direction in the adoption of policies and regulations to encourage long-range community development. Prior to his appointment, Mr. Copeland served as Of Counsel to the law firm of Butler, Snow, O'Mara, Stevens & Cannada, PLLC. His previous positions include Assistant Director of the Tennessee Technology Development Corporation, Chief Operating Officer of Global Associates LLC, Chief Operating Manager of Compass Intervention Center LLC and President and Treasurer of Franklin American Insurance Corporation. From 1975 to 1990, he served Shelby County Government as Assistant to the Chairman of the Shelby County Commission, Assistant County Attorney and Assistant Chief Administrative Officer. Mr. Copeland holds a Bachelor of Science degree from the University of Tennessee at Martin and received his Juris Doctor degree from the University of Memphis. His memberships include the Memphis, Tennessee and American Bar Associations.

Andrew Taber, Jr., Director of Corrections – Mr. Taber was appointed Director of the Shelby County Division of Corrections in November, 2005. He has successfully served the citizens of Shelby County for over 28 years. He obtained a Bachelor's Degree in Criminal Justice from Tennessee State University in 1975 and a Masters of Science Degree in Counseling and Personnel Services from the University of Memphis in 1981. Mr. Taber began his career in Counseling Services at the Division of Corrections. During his career, Mr. Taber has served as Program Administrator from 1983 to 1986, Program Manager from 1986 to 1990, Deputy Administrator, Inmate Services from 1990 to 1994, Deputy Director from 1994 to 1997 and Administrator of the Adult Offender Center from 1997 to 2002. In 2003, he became Deputy Director of the Division of Corrections. He served as an Adjunct Professor in the Department of Public Services Technology at Shelby State Community College from 1983 to 1987. He has also served as a member of the Tennessee Correctional Association and Salvation Army Advisory Council. He is a member of the American Correctional Association as well as serving on the Advisory Board at Southwest Tennessee Community College in the Criminal Justice Department.

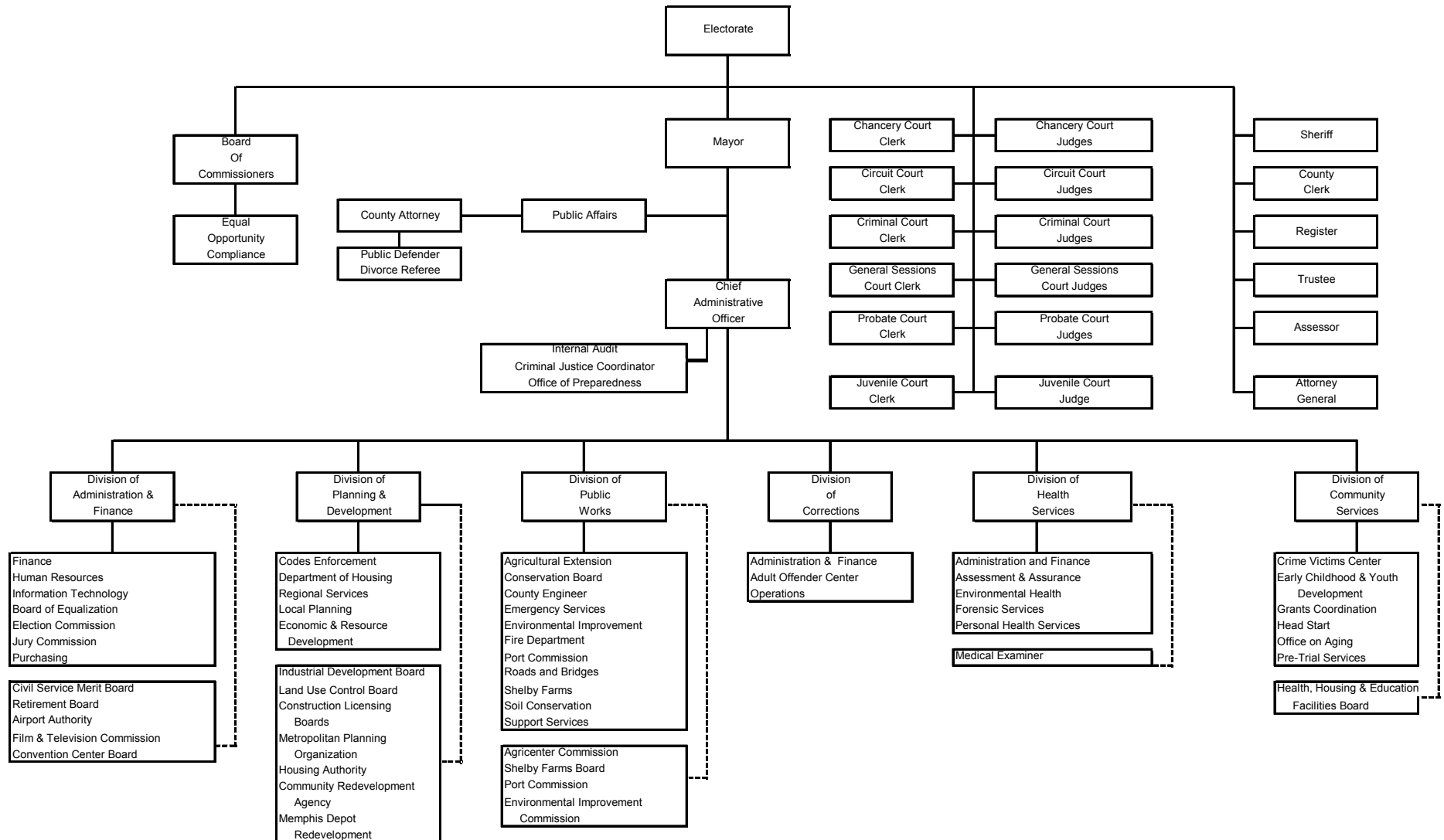
Yvonne Smith-Madlock, Director of Health Services - Mrs. Madlock was appointed Director of Health Services in June 1995. Prior to that appointment, she was Administrator for the Bureau of Personal Health Services within the Health Department; and from 1990-92 was Executive Director of Mid-South Family Health Care Center. Mrs. Madlock was employed by Memphis Health Center for 12 years in various administrative capacities including Senior Vice President, Chief Operating Officer and Director of Patient Care Services after joining the Health Center as a Health Educator in 1978. Mrs. Madlock also taught history for a number of years at Houston Community College and Lee High School in New Haven, Connecticut. A graduate of Wellesley College, Mrs. Madlock holds an MAT degree from Wesleyan University (Middleton, Connecticut) and attended the University of Texas School of Public Health. She is a 1999 graduate of the Public Health Leadership Institute of the Centers for Disease Control and Prevention and the University of California. Mrs. Madlock is immediate past chair of Community Institute for Early Childhood and currently serves on the Boards of the Shelby County Healthcare Network and Leadership Memphis and is a former Board member of the National Association of County and City Health Officials.

Theodore (Ted) C. Fox, III, Director of Public Works - Mr. Fox was appointed Director of Public Works in August 1995. As the Mayor's representative to County Authorities, Boards, Commissions and Committees, his duties also include providing oversight to the Agri-Center Commission, Chickasaw Basin Authority ("CBA"), Shelby County Conservation Board, Shelby Farms Board and the Memphis and Shelby County Port Commission. In his capacity as Executive Director of the CBA, he has responsibility for providing coordination and oversight for flood control and water resource management projects impacting the tri-county areas of Fayette, Shelby and Tipton Counties with a population totaling over one million. Prior to joining Shelby County Government, Mr. Fox had served over 25 years in the U.S. Army Corps of Engineers retiring with the rank of Colonel. His last assignment was as the District Engineer for the U.S. Army Corps of Engineers, Memphis District where he had responsibility and charge of flood control, navigation and environmental protection on 355 miles of the Mississippi River and its tributaries. Mr. Fox graduated from Western Kentucky University in 1977 with a Bachelor of Science degree in Environmental Engineering and from the University of Oklahoma in 1992 with a Masters degree in Public Administration. He is also a graduate of the U.S. Army Topographic Engineer School, the U.S. Army Command and General Staff College and the Army War College. He is active in a number of civic and professional organizations to include, the Society of American Military Engineers, Memphis Post, the American Society for Public Administration, the American Association of Public Works Legislative Advocacy Task Force, the Mid-South Environmental Forum, the University of Memphis Civil Engineering Advisory Committee, Christian Brothers University Advisory Board for Environmental Science and Technology, the Memphis Metropolitan Stormwater Steering Committee, and the Memphis Regional Light Rail Steering Committee. He is a member of the Pi Alpha Alpha National Honor Society for Public Affairs and Administration and a graduate of Leadership Memphis Class of 2000. Mr. Fox is also a recipient of the University of Memphis Herff Honor Award for Distinguished Service in Engineering.

Brian Kuhn, County Attorney – Mr. Kuhn, a member of a Memphis family with a tradition in law and civic involvement, was appointed the County Attorney for the County in August, 2003. He previously served as Shelby County Attorney from September 1982 through August 1994. Before accepting his current position, he was a practicing attorney and an assistant county attorney, representing the County in a number of landmark cases, as well as county Chief Administrative Officer. He graduated from the University of Tennessee in 1971 with a degree in Business Administration and subsequently received his Doctor of Jurisprudence from the same university in 1974. Mr. Kuhn was active in Memphis Boys' Club and Memphis Kiwanis Club, having held several local and district offices. He is listed in the 1985 Edition of "Who's Who in American Law." Mr. Kuhn is an active member of the American, Tennessee and Memphis Bar Association where he has served on the Board of Directors. He has also been a member of the Board of Directors of the Tennessee County Attorneys Association since 1985 and was president of the association for the 1988-89 term. He has received an "av" rating from Martindale-Hubbell. He is a fellow in the Tennessee Bar Foundation and the Memphis Bar Foundation. Mr. Kuhn is the 2007 recipient of the Bobby Dunavant Public Servant Award for outstanding non-elected public official in Shelby County by the Rotary Club of Memphis East.

SHELBY COUNTY GOVERNMENT ORGANIZATION CHART

Shelby County Government Organizational Chart



Financial Management System

Division of Administration and Finance

The Division of Administration and Finance (the "Division") is the unit responsible for all fiscal affairs, financial management, purchasing, information technology services, and risk management functions, and related systems of the County. The Director of the Division is charged with overall County financial policy and reports directly to the Chief Administrative Officer. He is the primary administrative officer responsible for budgeting, accounting, financial reporting, debt policy, and financial support systems.

The Director is appointed by the County Mayor.

Fiscal Year

The County operates on a fiscal year, which commences July 1 and ends June 30.

Financial Reporting

The County maintains a financial reporting system, which provides timely and accurate reports of revenues, expenditures, and financial status. The County's financial statements are audited annually by independent certified accountants as required by law. The report of such accountants with respect to the County's Financial Statements for the fiscal year ended June 30, 2008, are included in Appendix A of this Official Statement.

The Board of Education

The policy making body of the school system is the Board of Education, which is composed of seven citizens elected to four year terms. The Board of Education appoints the system superintendent for a four-year term. The school board establishes educational policies and approves the budget for submission to the Board of County Commissioners for final appropriation. It has no separate taxing or bonding authority. All tax allocations must be set by the Board of County Commissioners and bonds are sold by the County for school purposes. All funds appropriated by the County, except those used to support the \$28.7 million of Special General Obligation School Bonds, 2003 Series A, which are from a tax on the taxable property located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside the City of Memphis, must be distributed to the County school system and the City of Memphis schools on an average daily attendance basis.

Labor Relations

In a Policy Statement issued by the County Mayor and approved by the Board of County Commissioners on June 14, 1979, some County administrative employees were given the right to join or to refrain from joining, through an orderly process, a bona-fide organization for purposes of representation in matters of collective bargaining. Secret ballot elections may be provided for under such Policy Statement, similar to the procedures followed by the National Labor Relations board.

As of September 30, 2008, there were approximately 6,270 persons employed as permanent/duration full-time employees by the County. Of this total, 2,895 fall under the jurisdiction of the County Mayor in the Administrative function; 1,885 are responsible to the County Sheriff; and 1,490 employees are responsible to other elected officials of the County.

Within the County Mayor's area of responsibility, approximately 1,024 employees are represented by several labor organizations including the International Brotherhood of Electrical Workers Union, Local #474, whose memorandums of understanding expire January 1, 2010 and March 31, 2010; the International Firefighters Association, Local #2585, whose memorandum of understanding has been extended by letter of agreement to July 1, 2009; the American Federation of State, County and Municipal Employees, Local #1733 for correction officers agreement was extended to August 18, 2009 and the unit for Head Start employees expires September 30, 2009. The memorandum of understanding with Teamsters Local #1196 for security officers expired August 18, 2008, without a request by the union to negotiate.

Within the County Sheriff's area of responsibility, approximately 394 employees are represented by the Deputy Sheriff's Association, Local #58. This agreement has been renegotiated and a final offer is being considered by the union. Approximately 800+ deputy jailers are represented by AFSCME #1733. A final offer for this agreement is being considered by the union. A unit of approximately 69 employees in Records and Information, and Maintenance is represented by IBEW #474 and has a memorandum of understanding, which expires August 31, 2010.

The number of employees in the Mayor's and Sheriff departments, together with employees working under the direction of other elected officials who are not represented by labor organizations constitutes approximately 64% of the total County work force. During the years since labor organizations began to represent County employees, no work stoppages have occurred.

PROPERTY TAX

Assessments

All real estate and personal property, including some utilities not under the jurisdiction of the Tennessee Comptroller of the Treasury, Office of State Assessed Properties (OSAP) are assessed by the County Assessor of Property. Utilities and Carriers (railroads, truck lines, airlines, bus lines, etc.) are assessed by the OSAP, and some intangible personal property assessments related to banks are assessed by the State Division of Property Assessments.

The 2007 appraised values approximate market value. The ratios of assessment under the Property Assessment and Classification Act of 1973, provides for assessing farm and residential real property at 25% of the current market value, commercial and industrial real property at 40% of the current market value, personal property at 30% of the current market value and real and personal property and public utilities at 55% of the current value with corresponding reductions in tax rates.

New appraisal changes in real estate occur only for new construction. Reappraisal does not occur based on property sales. Personal property assessments are made annually based upon returns submitted by the taxpayers and are, therefore, maintained on a current basis. Appraisals by the OSAP for utilities and carriers are made annually based upon returns and are also maintained at current market value. The County, as required by State law, plans to revise all assessments every four years in the future based on current market values. The next County-wide reappraisal will occur for the 2009 tax year (collections in FY 2009-2010).

Real estate and personal property are assessed by the County Assessor of Property at the percent of total actual value indicated. All assessments may be appealed for review by the Shelby County Board of Equalization and the State Board of Equalization.

Public Utilities are assessed by the OSAP and are automatically reviewed by the State Board of Equalization. These assessments include real estate and personal property on the basis of location and usage. Currently, under a ruling by the State Board of Equalization, the appraised value of public utilities is being reduced by multiplying it by a factor computed by dividing the appraised valuation for tax purposes of all real property within the County by the current market value. The assessed value is based on this reduced appraised value.

ANALYSIS OF VALUE OF TAXABLE PROPERTY (As of December 17, 2008)

	Appraised Value of Taxable Property	% of Total	Assessed Valuation	% of Total
Real Estate				
Residential & Farm (25%)	\$ 40,738,295,900	66.37%	10,184,573,975	56.30%
Commercial & Industrial (40%)	13,825,892,200	22.52%	5,530,133,410	30.57%
Multiples	516,748,000	0.84%	75,423,870	0.42%
Personalty Property				
Commerical, Industrial & Farm (30%)	4,666,314,700	7.60%	1,399,927,470	7.74%
Intangibles	3,933,000	0.01%	1,573,200	0.01%
Public Utilities				
Real and Personal - Local (55%)	1,803,000		991,650	0.01%
Privately Owned - State ⁽¹⁾	1,630,328,280	2.66%	896,680,554	4.96%
Total	<u>\$ 61,383,315,080</u>	100.00%	<u>\$ 18,089,304,129</u>	100.00%

(1) Real Estate, Personalty Property, Intangibles and Public Utilities Real and Personal-Local are based on values certified by the Shelby County Assessor's office as of April 20, 2008. Privately Owned State values are based on the State Comptroller of the Treasury assessments for the 2008 tax roll. The 2008 values were issued by the State of Tennessee on December 17, 2008. Note: Totals may not add up due to rounding.

TAX RATE DISTRIBUTION
(For Fiscal Years Ended June 30) ⁽¹⁾

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.31	\$ 1.43
Schools ⁽²⁾	2.02	2.02	2.02	2.03	2.03
Principal and Interest	<u>0.80</u>	<u>0.80</u>	<u>0.80</u>	<u>0.70</u>	<u>0.58</u>
Total Direct Tax Rate	\$4.04	\$4.04	\$4.04	\$4.04	\$4.04
Rural School Bonds ⁽³⁾	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>
Total Tax Rate	<u>\$4.09</u>	<u>\$4.09</u>	<u>\$4.09</u>	<u>\$4.09</u>	<u>\$4.09</u>

⁽¹⁾ All property within the County was reappraised for the tax levy in fiscal 2006.

⁽²⁾ Under State law the County is required to allocate property taxes between the City of Memphis and the County school systems based upon the ratio of average daily attendance of each system. For 2004 and 2005, of the \$2.03 for schools, \$1.46 is allocated to City of Memphis Schools and \$0.57 to the County schools; for 2006, of the \$2.02 for schools, \$1.44 is allocated to City of Memphis Schools and \$0.58 to the County schools, for 2007, of the \$2.02 for schools, \$1.43 is allocated to City of Memphis Schools and \$0.59 to the County schools, and for 2008, of the \$2.02 for schools, \$1.41 is allocated to City of Memphis Schools and \$0.61 to the County schools.

⁽³⁾ The Special General Obligation School Bonds Tax is applicable to those properties that are located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside of the City of Memphis.

TAX RATE LIMITATIONS

The ad valorem (real estate and personal property) tax levy is without legal limit. All prior limitations and restrictions, whether restrictive as to total dollar amount or restrictive as to specific uses or a combination of the two, have been repealed.

TEN LARGEST TAXPAYERS
2007 Assessments

	<u>Assessment</u>	<u>% of Total</u>
Federal Express	\$ 581,036,901	3.28%
Bellsouth Telecommunications	140,919,098	0.80%
Belz Enterprises	107,616,040	0.61%
ProLogis	67,199,360	0.38%
Sharp	59,613,261	0.34%
Wolfchase Galleria	52,120,760	0.29%
Smith and Nephew	48,619,377	0.27%
AT & T Mobility	45,521,635	0.26%
Pinnacle Airlines	42,185,635	0.24%
International Paper	<u>41,567,250</u>	<u>0.23%</u>
Taxpayers	\$ 1,186,399,317	6.70%
Balance of Assessed Valuation	<u>16,534,192,658</u>	<u>93.30%</u>
Total Assessed Valuation	<u>\$ 17,720,591,975</u>	<u>100.00%</u>

⁽¹⁾ All or part of the assessment for these taxpayers is performed by the Tennessee Public Service Commission.

Summary of Local Tax Revenues

The County's various local taxes produced \$788,814,797 for the fiscal year ended June 30, 2008. The County's tax revenues and the percentage mix of these tax revenues for the period 2004-2008 are shown below.

	Year Ended June 30				
	2008	2007	2006	2005	2004
Property Tax ⁽¹⁾	\$ 689,901,545	\$ 676,806,842	\$ 652,151,467	\$ 586,518,188	\$ 582,458,589
Interest and Penalties	7,396,532	8,095,806	6,933,399	6,560,778	7,183,357
Receipts in Lieu of Taxes	19,440,804	21,023,115	19,574,415	18,223,264	15,449,091
General Sales Tax	9,392,291	10,151,491	10,343,331	10,200,007	8,097,229
Beer Sales Tax	1,194,790	1,174,590	1,177,813	1,152,241	1,147,477
Alcoholic Beverage Tax	193,479	195,249	160,651	122,802	110,016
Gross Receipts Tax	11,179,019	9,307,206	8,970,348	8,123,470	8,608,379
Hotel-Motel Tax ⁽²⁾	14,080,417	12,670,660	12,377,312	10,522,938	10,723,410
Car Rental Tax ⁽³⁾	2,082,703	1,947,599	1,882,050	1,093,077	1,494,883
Uptown Redevelopment	644,990	580,819	766,942	-	-
Rural School Bonds	3,108,666	3,108,187	2,904,034	-	-
Wheel Tax	30,010,232	30,077,684	29,962,996	29,237,237	29,237,924
Other Taxes	189,329	250,821	268,558	282,079	279,953
Total Taxes	<u>\$ 788,814,797</u>	<u>\$ 775,390,069</u>	<u>\$ 747,473,316</u>	<u>\$ 672,036,081</u>	<u>\$ 664,790,308</u>

PERCENTAGE OF LOCAL TAX REVENUES BY SOURCE

	Year Ended June 30				
	2008	2007	2006	2005	2004
Property Tax ⁽¹⁾	87.46%	87.29%	87.25%	87.27%	87.62%
Interest and Penalties	0.94%	1.04%	0.93%	0.98%	1.08%
Receipts in Lieu of Taxes	2.46%	2.71%	2.62%	2.71%	2.32%
General Sales Tax	1.19%	1.31%	1.38%	1.52%	1.22%
Beer Sales Tax	0.15%	0.15%	0.16%	0.17%	0.17%
Alcoholic Beverage Tax	0.02%	0.03%	0.02%	0.02%	0.02%
Gross Receipts Tax	1.42%	1.20%	1.20%	1.21%	1.29%
Hotel Motel Tax ⁽²⁾	1.79%	1.63%	1.66%	1.57%	1.61%
Car Rental Tax ⁽³⁾	0.26%	0.25%	0.25%	0.16%	0.22%
Uptown Redevelopment	0.08%	0.07%	0.10%	0.00%	0.00%
Rural School Bonds	0.39%	0.40%	0.39%	0.00%	0.00%
Wheel Tax	3.80%	3.88%	4.01%	4.35%	4.40%
Other Taxes	0.02%	0.03%	0.04%	0.04%	0.04%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

⁽¹⁾ Includes that portion of property tax revenues allocated to City of Memphis Board of Education.

⁽²⁾ See "Computation of Self-Supporting Debt" herein.

⁽³⁾ The Car Rental Tax was implemented in FY2002 and all funds are deposited to the NBA Arena Fund to pay debt service on the Arena as described on page II -11.

**SHELBY COUNTY, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Tax Year	Original Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Adjusted Tax Levy	Total Collections to Date		
			Amount	Percentage of Original Levy			Amount	Percentage of Adjusted Levy	Percentage of Original Levy
1999	1998	\$ 355,212,093	\$ 329,543,247	92.77%	\$ 5,370,908	\$335,220,331	\$ 334,914,155	99.91%	94.29%
2000	1999	453,291,684	412,703,834	91.05%	21,603,758	435,779,520	434,307,592	99.66%	95.81%
2001	2000	454,157,373	427,388,176	94.11%	19,014,674	447,808,677	446,402,850	99.69%	98.29%
2002	2001	573,034,946	523,851,896	91.42%	23,251,698	549,355,956	547,103,594	99.59%	95.47%
2003	2002	577,095,200	526,168,220	91.18%	26,156,138	555,311,765	552,324,358	99.46%	95.71%
2004	2003	610,604,269	570,445,227	93.42%	22,218,277	596,378,594	592,663,504	99.38%	97.06%
2005	2004	613,508,586	577,008,988	94.05%	23,887,145	606,615,294	600,896,133	99.06%	97.94%
2006	2005	698,709,093	645,263,773	92.35%	21,344,674	681,245,173	666,608,447	97.85%	95.41%
2007	2006	707,170,608	666,613,568	94.26%	45,785,158	703,882,648	694,048,931	98.60%	98.14%
2008	2007	718,626,612	676,692,968	94.16%	N/A	717,010,251	676,692,968	94.38%	94.16%

Source: Shelby County 2008 CAFR, Shelby County Assessor and Trustee Offices.

Note: Property reappraisals were implemented in FY 1999, 2002 and 2006.

**SHELBY COUNTY, TENNESSEE
ASSESSED AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	Residential Property	Commercial Property	Personal Property	Public Utilities (b)	Total Taxable Assessed Value (a)	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (c)
1999	1998	\$ 6,171,961,525	\$ 4,447,216,805	\$ 1,145,601,660	\$ 831,393,533	\$ 12,596,173,523	\$ 2.82	\$ 41,212,712,405	30.56%
2000	1999	6,285,898,425	4,372,146,930	1,289,019,555	857,790,565	12,804,855,475	3.54	42,023,145,109	30.47%
2001	2000	6,502,973,185	4,172,329,810	1,278,675,930	875,325,387	12,829,304,312	3.54	42,423,800,004	30.24%
2002	2001	7,679,702,923	5,123,764,525	1,303,138,720	1,013,049,391	15,119,655,559	3.79	49,858,145,639	30.33%
2003	2002	7,779,710,568	5,142,401,180	1,347,626,455	957,048,226	15,226,786,429	3.79	50,347,238,284	30.24%
2004	2003	7,972,813,784	4,958,614,785	1,301,588,530	880,949,964	15,113,967,063	4.04	50,379,365,307	30.00%
2005	2004	8,212,018,085	4,830,896,025	1,232,343,955	810,598,020	15,185,856,085	4.04	50,841,730,464	29.87%
2006	2005	9,425,210,140	5,471,742,335	1,289,881,700	1,033,424,138	17,220,258,313	4.04	57,726,276,478	29.83%
2007	2006	9,695,032,075	5,441,266,015	1,326,178,545	1,040,281,497	17,502,758,132	4.04	58,862,669,304	29.73%
2008	2007	10,018,623,775	5,439,860,370	1,286,578,685	975,529,145	17,720,591,975	4.04	59,900,899,755	29.58%

(a) Assessed value is the most current tax year value prepared by the County Property Assessor as of year-end.

(b) Public Utilities information is based on information received from the State of Tennessee Comptroller of the Treasury Assessments.

(c) The State of Tennessee tax statutes classify property as follows for computing assessed valuations:

Real Estate-Residential and Farms	25% of actual value
Real Estate-Commercial and Industrial	40% of actual value
Personal Property-Commercial and Industrial	30% of actual value
Public Utilities	55% of actual value

Property reappraisals were implemented in FY 1999, 2002 and 2006

Source: Shelby County 2008 CAFR, Shelby County Assessor and Trustee Offices.

UNDERLYING DEBT

The following table of jurisdictions with boundaries within the County's boundaries is based upon information received by the County from the sources specified in the notes to the table. It does not include authorized but unissued indebtedness of those jurisdictions, according to the information that the County has received. The County has not assumed responsibility to verify any information received by it.

<u>Subdivision</u>	<u>Underlying Indebtedness ⁽¹⁾</u>
City of Memphis	\$ 1,071,549,102
Germantown	21,935,000
Bartlett	24,750,000
Collierville	31,219,736
Arlington	30,000
Total	<u>\$ 1,149,483,838</u>

Sources: Shelby County 2008 CAFR

⁽¹⁾ The Unaudited Bonded Indebtedness, which is as of June 30, 2008, includes Gross Debt for Memphis, Germantown, Bartlett, Collierville and Arlington.

COMPUTATION OF SELF-SUPPORTING DEBT

The County has one bond issue and portions of several others that are completely supported by revenues and income sources outside its property tax receipts or other general revenues. The largest bond issue is the General Obligation Public Improvement Bonds, 1996 Series B originally issued in the principal amount of \$70,000,000 (the "1996 Bonds"). The 1996 Bonds financed enhancements to the Pyramid and the Cook Convention Center, both of which are under joint operating control of the County and the City of Memphis.

The County levies a 5% tax on hotel and motel room revenues to cover debt service on the 1996 Bonds and to fund operations of the Convention and Visitors Bureau, among other purposes. The 1996 Bonds have since been advance refunded by several different series of bonds. A total of \$61,692,472 of four separate refunding issues outstanding is supported by hotel and motel taxes. Also, an allocable portion of other issues brings the aggregate debt supported by such tax to \$65,054,010 as of June 30, 2008.

CONTRACTS AND OTHER LONG-TERM OBLIGATIONS

Leases

As of June 30, 2008, the County has a capital lease to acquire three pumper trucks for the Fire Services Fund, a business-type activity, at a cost of \$863,307. The principal balance outstanding at June 30, 2008 is \$576,774.

Arena

The construction of the FedExForum (the "Arena"), an 18,200 seat state of the art multipurpose sports, entertainment and public assembly facility with suites, loge boxes and other premium seating, was completed in September 2004 and funded, in part, with the issuance of \$202,290,000 revenue bonds by the Memphis Shelby County Sports Authority in 2002. In 2007, the Series 2002A and Series 2002B Bonds were refunded, in part, by the \$187,335,000 Series 2007 Series A, B, C and D Bonds. As of December 31, 2008, the Sports Authority has \$198,535,000 bonds outstanding.

Pursuant to the Inter-local Agreement, in the event the Revenues pledged to the support of the Bonds shall prove to be insufficient to pay debt service on such Bonds in any bond year (ending on October 31), the County and the City, pursuant to the provisions of Section 7-67-116 of the Tennessee Code Annotated, have covenanted to timely appropriate from legally available non-ad valorem revenues, not later than October 31 of the fiscal year ending June 30 following the date of such deficit, sufficient moneys to replenish draws ("Debt Service Reserve Fund Replenishment Obligations") from the Debt Service Reserve Fund used to make scheduled debt service on the Bonds in the prior year.

The obligation of the County and the City to replenish draws on the Debt Service Reserve Fund relating to the Bonds shall be apportioned on the following basis: 50% County, and 50% City, and shall not be joint. The maximum amount of the County's or City's Debt Service Reserve Fund Replenishment Obligation, respectively, under the Interlocal Agreement is the debt service payments on not to exceed \$115,000,000 of the Authority's Bonds, which is approximately one-half (1/2) of the authorized Bonds. The obligation to replenish the Debt Service Reserve Fund is not a general obligation of the County or the City.

Interest Rate Swaps

In fiscal years 1998, 1999, 2004, 2005 and 2007 the County authorized the execution and delivery of certain interest rate swap agreements with Morgan Guaranty Trust Company of New York ("MGTC"), Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMDMP"), RFPC, LLC a subsidiary of Rice Financial Products Company, Morgan Keegan Financial Products, Inc. ("MKFP") and Loop Financial Products I, LLC ("Loop"). An aggregate notional amount of approximately \$705,020,000 is outstanding. The County's eight outstanding swaps are outlined below:

An eleven (11) year, \$21.8 million swap was entered into with MGTC on December 18, 1998. The County pays a fixed rate of 5.345% and receives a variable rate based on the SIMFA Index. The termination date of this swap is March 1, 2011. This swap became effective December 2000 and payments commenced in FY2001. As of August 31, 2009, the notional amount of this swap is \$11,000,000.

On January 15, 1999, the County entered into a swap agreement with GSMDMP contemporaneously with the issuance of the 1999 Series A General Obligation VRDN Refunding Bonds. The County pays a fixed interest rate of 4.115% on a notional amount equal to the outstanding principal amount of the 1999 Series A General Obligation VRDN Refunding Bonds, and receives a variable rate equal to 76.6% of One-Month LIBOR. The 1999 Series A General Obligation VRDN Refunding Bonds were currently refunded and this swap agreement remained in place and now relates to the 2004 Series B General Obligation VRDN Refunding Bonds. The termination date is April 1, 2020 with the option to terminate early in accordance with the swap confirmation. Payments commenced in FY1999. As of August 31, 2009, the notional amount of this swap is \$78,375,000

On October 25, 2004, the County entered into a \$75,000,000 swap agreement with RFPC, LLC in connection with the 1999 Series B General Obligation Public Improvement and School Bonds. The County pays a fixed rate of 4.16% and receives a variable 4.95%-Adjustable Factor. The adjustment factor is equal to (SIMFA / (1-.65) – Six-Month LIBOR). Essentially the County receives a fixed spread of 79 basis points, and this fixed spread will be adjusted every six months based on the actual performance and relationship between SIFMA and Six-Month LIBOR. The termination of the swap is June 1, 2019. The swap became effective on October 27, 2004. As of August 31, 2009, the notional amount of this swap is \$61,910,000.

On February 14, 2006 the County entered into two (2) swaps relative to the County's General Obligation Variable Rate Demand Public Improvement and School Bonds, 2006 Series B. One swap (the "2006B GSMDMP Swap") is with GSMDMP in the original notional amount of \$119,590,000, and the second swap (the "2006B MKFP Swap") is with MKFP in the notional amount of \$40,000,000. Under the terms of both swaps, the County pays a fixed rate of 3.503% until March 1, 2016 and 4.43% thereafter, and receives a variable rate equal to the SIFMA Index. The termination of both swaps is March 31, 2031. As of August 31, 2009, the notional amounts of the 2006B GSMDMP Swap and the 2006B MKFP Swap are \$119,590,000 and \$40,000,000, respectively.

The County entered into two (2) swaps relative to the County's General Obligation Variable Rate Demand Refunding Bonds, 2006 Series C. One swap (the "2006C GSMDMP Swap") is with GSMDMP in the original notional amount of \$234,160,000 and was entered into on November 2, 2006. The second swap (the "2006C MKFP Swap") is with MKFP in the notional amount of \$52,615,000 and was entered into on June 23, 2005. Under the terms of the 2006C GSMDMP Swap, the County pays a fixed rate of 3.83%, and receives a variable rate equal to the SIFMA Index. Under the terms of the 2006C MKFP Swap, the County pays a fixed rate of 4.26%, and receives a variable rate equal to the SIFMA Index. The termination of the MKFP Swap is December 1, 2011 and the termination of the GSMDMP Swap is December 1, 2031. As of August 31, 2009, the notional amounts of the 2006C GSMDMP Swap and the 2006C MKFP Swap are \$226,200,000 and \$46,700,000, respectively.

On June 23, 2005 the County entered into a swap relative to the County's General Obligation Variable Rate Demand Refunding Bonds, 2008 Series A with Loop in the original notional amount of \$121,485,000. Under the terms of the swap, the County pays a fixed rate of 4.66% and receives a variable rate payment equal to the SIFMA Index. The termination of the swap is March 1, 2022. Upon issuance of the 2009 Series A General Obligation Refunding Bonds on April 2, 2009, the 2008A Swap was assigned to the 2004 Series B Bonds. As of August 31, 2009, the swap has a notional amount of \$121,245,000.

Compensated Absence Liabilities

Governmental Accounting Standards Board (GASB) Statements 16 and 34 require recognition in the Countywide Statement of Net Assets of the liability for vacation and sick pay which has been earned and is reasonably expected to be paid to existing employees. The County has estimated its obligations for compensated absence liabilities to be \$26,094,170 as of June 30, 2008.

**COMPUTATION OF DEBT SERVICE TAX RATE
FISCAL YEAR 2008-2009**

Total Principal, Interest & Administrative Costs Requirements ⁽¹⁾		\$ 166,877,650
Rural School Bonds Principal and Interest Requirements ⁽²⁾		<u>2,137,749</u>
Less:		
Sources of funds other than current property taxes (budgeted)		
Delinquent Taxes	4,160,000	
Hotel-Motel Taxes	5,991,309	
Local Revenues	1,291,591	
Wheel Tax	15,000,000	
Exempt In Lieu of Property Tax	1,840,000	
State Reimbursement	254,227	
Operating Transfers (net)	682,123	
Projected Use of Fund Balance ⁽³⁾	<u>7,376,149</u>	<u>36,595,399</u>
Amount to be raised from current taxes		
\$0.05 Tax Rate @ 98% collection		<u>2,900,000</u>
Amount to be raised from current taxes		
\$0.80 Tax Rate @ 98% collection		<u>\$ 129,520,000</u>

(1) Includes Administrative Costs such as Paying Agent, Letter of Credit and Remarketing Agent Fees.

(2) Includes \$28.7 million of Special General Obligation School Bonds, 2003 Series A supported by a tax on the taxable property located outside the boundaries of the Board of Education of the City of Memphis, which is generally that portion of Shelby County outside the City of Memphis.

(3) The Debt Service Fund balance at June 30, 2008 was \$73.7 million.

**PERCENTAGE OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT TO
TOTAL GENERAL EXPENDITURES, 1999-2008**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Percentage of Debt Service to Total Expenditures</u>
1999	\$ 27,390,000	\$ 42,490,486	\$ 69,880,486	\$ 522,605,641	13.37%
2000	36,435,000	49,971,630	86,406,630	589,514,714	14.66%
2001	40,585,000	51,093,014	91,678,014	638,351,418	14.36%
2002	44,125,000	52,606,584	96,731,584	792,355,895	12.21%
2003	49,650,000	61,404,778	111,054,778	851,475,539	13.04%
2004	53,654,138	64,648,910	118,303,048	831,402,861	14.23%
2005	57,560,007	66,695,921	124,255,928	985,613,814	12.61%
2006	66,121,117	69,970,010	136,091,127	1,045,252,923	13.02%
2007	80,044,550	68,490,832	148,535,382	1,087,011,305	13.66%
2008	87,915,650	77,293,351	165,209,001	1,156,569,616	14.28%

GENERAL OBLIGATION BOND AUTHORIZATION

General obligation bonds, other than general obligation bonds that refund other general obligation bonds, are authorized on behalf of the County by an initial resolution of the Board of County Commissioners. The initial resolution must be published one time in a newspaper of general circulation in the County. Unless 10% of the registered voters of the County protest the issuance of the bonds within twenty days of publication, the general obligation bonds may be issued as authorized.

DEBT LIMIT

Section 9-21-103, of the T.C.A. provides that bonds issued under Chapter 21 of Title 9 of the T.C.A. may be issued "without regard to any limit on indebtedness...."

PRINCIPAL OF OUTSTANDING GENERAL OBLIGATION DEBT PAST FIVE FISCAL YEARS (As of June 30)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Long Term Debt:					
General Obligation	\$ 667,904,373	\$ 655,741,605	\$ 664,012,691	\$ 626,558,892	\$ 591,254,337
School Bonds	913,093,850	881,448,343	1,052,751,140	1,155,445,388	1,104,154,294
Total GO Indebtedness	<u>\$ 1,580,998,223</u>	<u>\$ 1,537,189,948</u>	<u>\$ 1,716,763,831</u>	<u>\$ 1,782,004,280</u>	<u>\$ 1,695,408,631</u>

PERCENTAGE OF GENERAL BONDED DEBT TO APPRAISED AND ASSESSED VALUE (in thousands of dollars)

	<u>Fiscal Year ended June 30</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Long Term Debt:					
Appraised property valuation	\$ 50,379,365	\$ 50,841,730	\$ 57,726,276	\$ 58,862,669	\$ 59,900,900
Assessed valuation	15,113,967	15,185,856	17,220,258	17,502,758	17,720,592
Total general obligation debt	1,580,998	1,537,189	1,716,763	1,782,004	1,695,409
Less: Self-Supporting debt	75,355	73,511	76,322	73,062	65,054
Net debt	\$ 1,505,643	\$ 1,463,678	\$ 1,640,441	\$ 1,708,942	\$ 1,630,355
 Total bonded debt to appraised valuation	3.14%	3.02%	2.97%	3.03%	2.83%
Net bonded debt to appraised valuation	2.99%	2.88%	2.84%	2.90%	2.72%
Total bonded debt to assessed valuation	10.46%	10.12%	9.97%	10.18%	9.57%
Net bonded debt to assessed valuation	9.96%	9.64%	9.53%	9.76%	9.20%

SHELBY COUNTY, TENNESSEE
SHELBY COUNTY RETIREMENT SYSTEM
(A COMPONENT OF SHELBY COUNTY, TENNESSEE)
STATEMENT OF PLAN NET ASSETS
June 30, 2008

Assets:

Cash and cash equivalents	\$ 25,894,195
Investments	
Domestic Equity	415,698,225
Fixed Income	167,715,980
International equity	159,350,730
Hedge funds	158,897,578
Limited Partnership interests	25,936,287
Private real estate and infrastructure	11,297,944
Accrued interest and dividends receivable	2,562,810
Due from brokers - investment sales	<u>8,112,187</u>
 Total Assets	 <u><u>\$ 975,465,936</u></u>

Liabilities:

Accounts payable	\$ 1,110,671
Due to brokers and others	<u>1,853,101</u>
Total Liabilities	<u><u>\$ 2,963,772</u></u>

Net assets held in trust for pension benefit	<u><u>\$ 972,502,164</u></u>
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STATEMENT OF CHANGES IN PLAN NET ASSETS
For the Year Ended June 30, 2008

Additions:

Contributions:	
Employer contributions	\$ 18,744,136
Member contributions	<u>8,930,175</u>
Total contributions	27,674,311

Investment income:

Net appreciation in fair value of investments	(65,259,020)
Interest income	10,533,164
Dividend income	6,319,769
Other income	<u>1,230,156</u>
Total investment income	(47,175,931)

Less investment management expenses

	<u>4,941,914</u>
Net investment income (loss)	<u>(52,117,845)</u>
Net additions	<u>(24,443,534)</u>

Deductions:

Benefit payments	43,676,102
Administrative expenses	1,485,232
Refund of member contributions	<u>3,109,929</u>
Total deductions	<u>48,271,263</u>

Change in net assets	(72,714,797)
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Net assets held in trust for pension benefits

June 30, 2007	<u>1,045,216,961</u>
June 30, 2008	<u><u>\$ 972,502,164</u></u>

Source: Shelby County CAFR, June 30, 2008

BUDGETING AND APPROPRIATIONS PROCEDURES

The formal budgetary process is preceded by a goal-setting workshop for senior administrative management. After identifying and prioritizing general goals and objectives, specific strategies and action plans for implementation are prepared at the division management level. This planning process serves as the basis for formulation of departmental budgets. These budgets are reviewed by the respective division directors and a combined division budget is prepared incorporating administrative review changes at that level.

Division budgets are submitted to the Chief Administrative Officer for a final level of administrative review. Subsequent to necessary revisions and a final executive review by the Mayor, a consolidated budget for the County Administration is prepared.

Elected officials submit their respective budgets to the budget office to be included in a consolidated budget document that is presented to the Budget and Finance Committee of the Board of County Commissioners.

The Budget and Finance Committee conducts public review meetings and recommends revisions to the consolidated budget. The revised consolidated budget is presented for approval to the Board of County Commissioners. The legislative body is responsible for final approval of the consolidated budget and sets the property tax rate.

BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2009

<u>General Fund Revenue</u>	FY09 ⁽¹⁾ <u>Amended</u>	<u>General Fund Expenditures and Transfers</u>	FY09 <u>Amended</u>
Property Taxes	\$ 203,858,000	Division of Administration & Finance	\$ 35,637,756
State Taxes and Grants	20,823,540	Division of Planning and Development	546,398
Other Taxes	32,830,000	Division of Public Works	18,389,462
Licenses, Permits and Fees	7,291,837	Divisions of Health Services	33,863,978
City of Memphis	15,029,291	Division of Community Services	5,446,931
Patient Service Revenue	1,148,772	Special Funded Projects	1,132,500
Interest	4,404,853	Hospitals (The MED)	27,600,000
Fines, Court Fees of Elected Officials	60,309,647	Sheriff	142,059,653
Other Revenue	257,400	Judicial	59,877,402
Federal Revenue	10,000	Other Constitutional Officers	27,629,044
Local Revenue	6,198,118	Planned Use of Fund Balance	(21,666)
Total Revenue	<u>\$ 352,161,458</u>	Total Expenditures	<u>\$ 352,161,458</u>

⁽¹⁾ Amended Budget at 9/30/2008.

**SUMMARY OF AUDITED GENERAL FUND BALANCES
FOR FISCAL YEARS ENDED JUNE 30
(In Thousands)**

	2004	2005	2006	2007	2008
Beginning Fund Balance	\$ 25,160	\$ 35,590 ⁽¹⁾	\$ 41,697	\$ 45,297	\$ 51,297
Revenue	335,572	311,561	332,908	348,971	363,139
Expenditures	(316,383)	(300,958)	(308,857)	(326,638)	(344,305)
Other Financing Sources (Uses)	<u>(8,908)</u>	<u>(4,496)</u>	<u>(20,451)</u>	<u>(16,333)</u>	<u>(4,627)</u>
Ending Fund Balance	<u>\$ 35,441</u>	<u>\$ 41,697</u>	<u>\$ 45,297</u>	<u>\$ 51,297</u>	<u>\$ 65,504</u>

GENERAL FUND
Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2004 – 2008

	2008	2007	2006	2005	2004
Revenue					
Property Taxes	\$ 208,059,490	\$ 204,672,539	\$ 197,408,179	\$ 190,264,072	\$ 204,809,774
State Taxes and Grants	22,439,722	21,963,865	15,056,356	14,258,452	20,405,062
Other Taxes	35,685,177	25,473,175	23,954,322	22,324,739	22,956,480
Licenses, Permits and Fees	13,715,157	13,336,524	14,278,268	14,474,834	15,925,630
City of Memphis	15,224,528	12,837,839	14,258,258	11,703,765	14,482,292
Federal Government	22,971	41,215	29,756	12,035	17,068
Interest	4,965,353	9,158,384	7,561,730	4,338,484	2,443,850
Fines, Court Fees of Elected Officials	61,647,822	61,145,914	60,027,768	53,040,414	53,831,496
Other Revenue	1,379,185	341,184	333,651	1,144,380	700,092
Total Revenue	<u>\$ 363,139,405</u>	<u>\$ 348,970,639</u>	<u>\$ 332,908,288</u>	<u>\$ 311,561,175</u>	<u>\$ 335,571,744</u>
Expenditures					
Legislative	2,861,470	2,494,957	2,186,882	2,111,543	2,204,719
General Government	32,566,379	29,584,633	28,988,983	37,769,265	53,014,477
Hospitals	27,600,000	25,066,667	20,566,667	20,566,667	22,566,667
Planning and Development	344,359	443,279	497,339	537,304	2,706,893
General Services	-	-	-	-	-
Public Works	20,494,655	19,987,693	19,654,381	19,637,348	8,489,938
Corrections	-	-	-	-	-
Health and Public Service	38,542,227	34,901,849	33,095,648	31,994,155	33,944,065
Judicial	59,861,301	55,380,345	51,369,654	35,123,060	40,944,456
Debt Service	800,333	1,759,750	2,039,578	1,348,213	1,734,534
Constitutional Officers	23,334,174	23,011,258	21,831,804	26,380,433	25,741,371
Law Enforcement	137,900,970	134,007,234	128,625,920	125,490,249	125,035,376
Total Expenditures	<u>\$ 344,305,868</u>	<u>\$ 326,637,665</u>	<u>\$ 308,856,856</u>	<u>\$ 300,958,237</u>	<u>\$ 316,382,496</u>
Excess (Deficiency) of Revenue over (under) Expenditures	<u>18,833,537</u>	<u>22,332,974</u>	<u>24,051,432</u>	<u>10,602,938</u>	<u>19,189,248</u>
Other Financing Sources (Uses)					
Other - Net	<u>(4,627,276)</u>	<u>(16,332,974)</u>	<u>(20,451,432)</u>	<u>(4,495,666)</u>	<u>(8,907,485)</u>
Total Other Financing Sources (Uses)	<u>(4,627,276)</u>	<u>(16,332,974)</u>	<u>(20,451,432)</u>	<u>(4,495,666)</u>	<u>(8,907,485)</u>
Excess (Deficiency) of Revenue & Other Sources over (under) Expenditures & Other Uses	<u>\$ 14,206,261</u>	<u>\$ 6,000,000</u>	<u>\$ 3,600,000</u>	<u>\$ 6,107,272</u>	<u>\$ 10,281,763</u>

SPECIAL REVENUE FUNDS
Revenues, Expenditures, and Changes in Fund Balances
Years Ended June 30, 2004 – 2008

	2008	2007	2006	2005	2004
Revenue					
Property Taxes	\$ 345,468,916	\$ 337,881,921	\$ 326,128,107	\$ 293,096,389	\$ 292,202,339
State Taxes and Grants	83,682,020	81,757,025	81,844,993	66,619,519	54,861,025
Other Taxes	32,171,533	37,005,895	48,419,417	44,661,360	42,248,986
Federal Government	35,088,567	29,153,760	28,858,512	26,469,182	25,475,414
Fines, Court Fees of Elected Off	2,630,959	3,337,734	2,112,973	2,091,737	1,361,105
Other Revenue	<u>17,306,426</u>	<u>14,445,257</u>	<u>12,876,015</u>	<u>9,767,815</u>	<u>10,353,708</u>
Total Revenue	516,348,421	503,581,592	500,240,017	442,706,002	426,502,577
Expenditures					
Education	361,288,000	360,019,604	360,019,604	325,859,655	321,953,079
Public Works	13,949,876	18,528,040	21,061,483	10,216,852	12,108,138
Adminstration & Finance	20,683,605	16,310,541	13,040,581	11,629,734	11,573,342
Health & Community Services	74,652,597	66,903,570	63,562,976	59,316,159	55,872,254
Planning & Development	5,182,085	5,785,327	6,065,612	5,572,838	4,296,648
General Services	0	-	-	-	-
Corrections	1,312,609	824,652	432,172	371,598	790,715
Law Enforcement	3,659,315	3,005,516	1,608,357	1,825,453	1,508,115
Judicial	21,623,353	19,243,978	18,264,131	15,673,215	8,909,845
Other Elected Officials	<u>269,651</u>	<u>667,242</u>	<u>1,127,323</u>	<u>1,785,158</u>	<u>1,546,392</u>
Total Expenditures	502,621,091	491,288,470	485,182,239	432,250,662	418,558,528
Excess (Deficiency) of Revenue over (under)					
Total Expenditures	<u>13,727,330</u>	<u>12,293,122</u>	<u>15,057,778</u>	<u>10,455,340</u>	<u>7,944,049</u>
Other Financing Sources (Uses)					
Operating Transfers Net	<u>(8,509,155)</u>	<u>(8,456,551)</u>	<u>(8,253,325)</u>	<u>(10,719,761)</u>	<u>(8,019,283)</u>
Total Other Financing Sources (Uses)	(8,509,155)	(8,456,551)	(8,253,325)	(10,719,761)	(8,019,283)
Excess (Deficiency) of Revenue & Other Sources over (under) Expenditures & Other Uses	<u>\$ 5,218,175</u>	<u>\$ 3,836,571</u>	<u>\$ 6,804,453</u>	<u>\$ (264,421)</u>	<u>\$ (75,234)</u>

DEBT SERVICE FUND
Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2004 – 2008

	2008	2007	2006	2005	2004
Revenue					
Property Taxes	\$ 145,543,993	\$ 143,780,295	\$ 136,581,793	\$ 107,070,903	\$ 87,953,755
Wheel Tax	21,885,688	15,038,842	14,981,498	14,618,618	14,618,962
Local Revenue	2,272,001	2,399,070	2,414,317	2,704,356	2,741,590
State Reimbursement	254,226	254,226	1,357,649	1,350,957	1,334,939
Title Search/Litigation Tax ⁽¹⁾	951,191	892,186	1,100,850	1,023,679	1,109,902
Investment Income	2,863,791	3,790,416	1,400,879	395,796	64,476
Miscellaneous Income	11,991,000	20	-	1,022	-
Total Revenue	185,761,890	166,155,055	157,836,986	127,165,331	107,823,624
Expenditures					
Services	310,900	-	-	-	-
Professional Fees	28,783	30,938	34,898	38,501	94,430
Principal	87,915,650	80,044,538	69,101,190	57,733,037	53,654,138
Interest	75,899,987	78,163,723	69,930,408	75,791,896	62,424,048
Bond Issue Cost	2,407,399	1,527,274	717,711	867,234	404,935
Total Expenditures	166,562,719	159,766,473	139,784,207	134,430,668	116,577,551
Other Financing Sources (Uses)					
Operating Transfers Net	(9,555,227)	739,719	8,630,613	16,365,126	7,508,980
Proceeds of Bond Refunding	231,935,000	146,416,113	-	443,740,125	-
Costs of Bond Refunding	(231,271,726)	(146,067,482)	-	(433,055,801)	-
Total Other Financing Sources (Uses)	(8,891,953)	1,088,350	8,630,613	27,049,450	7,508,980
Excess (Deficiency) of Revenue & Other Sources over (under) Expenditures & Other Uses	<u>\$ 10,307,218</u>	<u>\$ 7,476,932</u>	<u>\$ 26,683,392</u>	<u>\$ 19,784,113</u>	<u>\$ (1,244,947)</u>

**ECONOMIC AND DEMOGRAPHIC INFORMATION
PERTAINING TO
SHELBY COUNTY, TENNESSEE**

Introduction

Shelby County is the largest county in the State of Tennessee with Memphis as the County seat. The County is located in the southwest corner of Tennessee on the east bank of the Mississippi River and is the hub of the 105 county Mid-South Region. Contained within the County's 783 square miles are seven incorporated cities, which include Arlington, Bartlett, Collierville, Germantown, Lakeland, Memphis, and Millington.

Population

Between 1990 and 2000, the population of the County increased by 7.9% according to the U.S. Bureau of the Census. The estimated 2000 total of the County's population is 897,472 compared with the 1990 census total of 826,330. The County has maintained or realized some growth in population over the last several years, as shown in the table below.

**POPULATION: COUNTY, STATE AND NATION
(In Thousands)**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Shelby County	910	911	905	904	902	900	898
Tennessee	6,157	6,075	5,989	5,912	5,853	5,802	5,755
United States	301,621	298,755	295,896	293,192	290,448	287,888	285,112

Source: U.S. Census Bureau, January 2009.

The breakdown of population by age group is shown below.

2006 POPULATION BY AGE GROUP: COUNTY, STATE AND NATION

	<u>Shelby County</u>	<u>Tennessee</u>	<u>United States</u>
Under 19 years	30.1%	26.6%	27.4%
20 to 24 years	6.9%	6.4%	6.9%
25 to 34 years	12.6%	13.5%	13.3%
35 to 49 years	22.1%	22.0%	22.0%
50 years & over	28.3%	31.5%	30.4%

Source: U.S. Census Bureau, October 2008

Income and Buying Power

**PER CAPITA PERSONAL INCOME:
SHELBY COUNTY, TENNESSEE, SOUTHEAST REGION AND UNITED STATES**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Shelby County	\$ 38,204	\$ 36,597	\$ 35,430	\$ 33,549	\$ 32,825
Tennessee	32,172	30,827	29,539	28,257	27,435
Southeast Region ⁽¹⁾	33,212	31,355	29,935	28,355	27,740
United States	36,714	34,757	33,123	31,504	30,821

Source: U.S. Bureau of Economic Analysis, October 2008

⁽¹⁾ Southeast Region includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia

NUMBER OF FAMILIES BY INCOME RANGE IN SHELBY COUNTY

	<u>2000</u>	<u>1990</u>	<u>1980⁽¹⁾</u>	<u>1970*</u>
Under \$10,000	39,802	57,955	51,693	103,033
\$10,000 – \$14,999	21,868	27,656	28,403	42,816
\$15,000 – \$24,999	44,743	54,750	53,936	22,153
\$25,000 – \$34,999	44,505	46,578		
\$35,000 – \$49,999	54,091	50,553	53,277	5,568
\$50,000 – \$74,999	62,342	41,347	10,085	1,498
\$75,000 – \$99,999	32,032	12,538		
\$100,000 – \$149,999	23,554	7,409		
\$150,000 and over	<u>15,623</u>	<u>4,845</u>		
Total	<u>338,560</u>	<u>303,631</u>	<u>197,394</u>	<u>175,068</u>
Median Household Income	\$ 39,593			

⁽¹⁾ Income brackets different on census. Maximum bracket was \$50,000 and over.
Source: U.S. Bureau of the Census.

The 2000 Median Household Effective Buying Income in the County, although below that of the United States (\$41,994), is above the State of Tennessee (\$36,360) and comparable to the Memphis MSA (\$39,779).

Employment

According to the U.S. Bureau of Labor Statistics, as of December 2008, the unemployment rate for Shelby County was 7.5%. Employment and unemployment trends in the County from 1998 to 2007 are presented below.

LABOR FORCE TRENDS					
<u>Year</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Shelby County</u>	<u>Tennessee</u>	<u>USA</u>
Dec 2008	409.4	33.0	7.5%	7.9%	7.2%
Dec 2007	427.6	24.2	5.4%	5.0%	4.9%
2007	422.5	22.6	5.1%	4.7%	4.6%
2006	415.6	25.0	5.7%	5.1%	4.6%
2005	406.9	27.0	6.2%	5.6%	5.1%
2004	404.5	26.3	6.1%	5.4%	5.5%
2003	408.4	26.2	6.0%	5.7%	6.0%
2002	410.8	23.4	5.4%	5.3%	5.8%
2001	419.2	19.6	4.5%	4.7%	4.7%
2000	425.0	17.4	3.9%	4.0%	4.0%
1999	435.5	17.0	3.8%	4.1%	4.2%
1998	427.1	16.7	3.8%	4.5%	4.5%

Source: U.S. Bureau of Labor Statistics, February 2009

The major areas of employment in the metropolitan area are services, governmental services and retail trade. Comparatively, both the State of Tennessee and the United States show a heavier concentration in manufacturing than does the County, but they also display higher employment in services and governmental services.

PERCENTAGE OF PERSONS EMPLOYED BY MAJOR INDUSTRY: COUNTY, STATE AND NATION

	Memphis MSA					Tennessee					United States				
	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003	2007	2006	2005	2004	2003
Total, All Industries ⁽¹⁾	553.9	554.6	545.0	536.4	536.8	2,375.3	2,393.8	2,363.4	2,335.8	2,298.8	137,623.0	122,331.0	119,886.7	117,531.3	115,904.4
In Percentages															
Construction and Mining	4.8%	5.0%	4.8%	4.8%	4.8%	5.8%	5.6%	5.3%	5.2%	5.2%	6.1%	6.8%	6.6%	6.4%	6.3%
Manufacturing	9.5%	9.8%	9.9%	9.9%	10.0%	16.0%	16.7%	17.3%	17.6%	18.0%	10.1%	0.3%	0.3%	0.4%	0.4%
Transportation & Public Utilities	11.0%	11.6%	11.7%	11.6%	11.8%	3.2%	6.2%	6.1%	6.0%	6.0%	3.7%	4.1%	4.1%	4.1%	4.1%
Trade (Wholesale & Retail)	19.9%	19.9%	19.9%	20.0%	20.0%	19.5%	19.2%	19.2%	19.2%	19.1%	15.6%	17.4%	17.6%	17.6%	17.7%
Finance, Insurance & Real Estate	6.0%	5.9%	6.0%	6.2%	6.1%	6.1%	6.0%	6.1%	6.1%	6.1%	6.0%	9.3%	9.4%	9.5%	9.6%
Services	32.7%	31.9%	31.4%	30.8%	30.6%	31.6%	28.9%	28.6%	28.2%	27.7%	42.3%	44.1%	43.8%	43.6%	43.3%
Government	16.0%	15.8%	16.3%	16.7%	16.7%	17.7%	17.4%	17.5%	17.8%	17.9%	16.1%	18.0%	18.2%	18.4%	18.6%

Source: U.S. Bureau of Labor Statistics Data, October 2008

⁽¹⁾ Total Employment in thousands of persons.

Principal Industries

The industrial economy of Shelby County and the City of Memphis encompasses not one, but many industries. Twenty major industrial groups and over 425 sub-groups, as classified by the Bureau of the Budget, are listed in the Directory of Memphis Manufacturers. Major industries include: chemicals, electronics, foods and beverages, paper products, hardwood lumber products, pharmaceuticals, soybean and cotton oil derivatives and fertilizers.

There are located in Memphis, Shelby County, and the surrounding area approximately 6,000 manufacturing, wholesaling, and retailing firms. Manufacturing or processing plants in the area with 400 or more employees are (listed alphabetically):

Company

Bryce Corp.
Buckeye Technologies, Inc.
Buckman Laboratories, Inc.
C C L Custom Mfg., Inc.
Cargill, Inc.
Carrier Corp.
Charms L. P.
Chromcraft Corp.
Cleo, Inc.
Coca-Cola Bottling Co. Of Memphis
Commercial Appeal
Crompton Corp.
Cummins Aftermarket
Donnelley & Sons Co., R. R.
Dynasteel Corp.
Elite Lamp, Inc.
GlaxoSmithKline
Grisham Corp.
Hart Furniture (HQ)
Hershey Foods Corp.
Hunter Fan Co.
Interstate Brands Corp.
Kawneer Co., Inc., An Alcoa Co.
Kellogg Convenience Foods
Landau Uniforms, Inc.
Medtronic Sofamor Danek
Plant Maintenance Service Corp.
Premcor Refining
Quebecor World
Ring Container Technologies
Sharp Mfg. Co. Of America
Slim-Fast Foods
Smith & Nephew, Inc.
Solae, LLC
The Troxel Co.
Thomas & Betts Corp.
Varsity Spirit Corp.
W. M. Barr & Co., Inc.
Wright Medical Technology, Inc.
Wurzburg, Inc.

Line of Business

Flexible Candy Packaging
Cotton Linter Processing
Industrial Chemicals
Personal Care Products
Liquid Sweeteners
Heating & Air Conditioning Units
Hard Candy
Chrome & Wooden Dinette & Office Furniture
Gift Wrap & Tissue
Soft Drink Processing & Bottling
Newspaper Printing & Typesetting
Animal Fat Oils, Glycerines & Acids
Engine Components & Rebuilt Diesels
Magazine Printing
Steel Fabrication, Pressure Vessels, & Boilers
Table Lamps
Pharmaceutical Products
Ornamental Security & Storm Doors, Windows & Door Guards
Wooden Furniture
Bubble Gum
Ceiling Fans
Bread & Cake
Aluminum Fabrication
Frozen Waffles
Hospital Uniforms
Medical Devices
Heat Exchangers & Pressure Vessels
Petroleum Products
Offset Printing & Bookbinding
Plastic Bottles
Microwave Ovens, Toners, Copiers & Solar Panels
Nutritional Supplements
Orthopedic & Prosthetic Appliances
Soy Protein Products
Welded Steel Tubing & Fabrication
Manufacturer of Electrical Products
Cheerleader Uniforms
Paint
Surgical & Orthopedic Implants
Corrugated Boxes

Source: Memphis Area Major Employers, as of 2004, Memphis Regional Chamber.

The following table presents employers with 1,500 or more employees from all sectors in the metropolitan area.

LARGEST EMPLOYERS, 1,500 OR MORE

Company	Local Employees
FedEx Corp.	30,000
Memphis City Schools	15,240
United States Government	14,700
Methodist Healthcare	8,717
City of Memphis	6,741
Baptist Memorial Health Care Corp.	6,585
Shelby County Government	6,513
Naval Support Activity Mid-South	6,372
Wal-Mart Stores, Inc.	6,000
Harrah's Entertainment, Inc.	5,541
Shelby County Schools	5,200
Tennessee State Government	5,000
University of Tenn. Health Science Center	3,750
DeSoto County School District	3,600
The Kroger Co.	3,500
First Tennessee Bank, N.A.	3,423
St. Jude Children's Research Hospital	3,109
International Paper Co.	3,000
Regional Medical Center at Memphis	2,927
Baptist Memorial Hospital-Memphis	2,884
Technicolor Video Services, Inc., a div. of Thomson	2,800
Memphis Light, Gas & Water	2,700
UTC-Carrier Corp.	2,700
Grand Casino Tunica Resort & Hotel	2,647
The University of Memphis	2,605
Methodist University Hospital	2,584
Horseshoe Casino & Hotel	2,502
Tenet Healthcare Corp.dba Saint Francis Healthcare	2,500
The ServiceMaster Co.	2,411
Walgreen Co.	2,300
Gold Strike Casino Resort	2,042
Century Management, Inc.	2,000
Swift Transportation Co., Inc.	1,950
Regions Bank	1,930
Valenti Mid-South Management LLC	1,900
MGM MIRAGE	1,895
YRC Worldwide, Inc.	1,833
Smith & Nephew, Inc.	1,815
Veterans Affairs Medical Center	1,791
Flextronics Logistics USA	1,700
Saint Francis Hospital-Memphis	1,658
AutoZone, Inc.	1,600
Northwest Airlines	1,561
Medtronic Spinal & Biologics	1,550
Le Bonheur Children's Medical Center	1,534
Regions Financial Corp.	1,534
Mirabile Investment Corp.	1,500
Nike, Inc.	1,469

Source: Memphis Business Journal 2008 Book of Lists

Housing and Construction

Population growth in the unincorporated areas of the County and in the incorporated cities outside the City of Memphis has historically created the demand for new housing construction in the County. The following table presents data on housing units in the County based on U.S. Census information. Since the 1990 census, private and public entities have collaborated to redevelop downtown Memphis' Central Business Improvement District (CBID). Residential, retail and office redevelopment has been encouraged, and as a result, the CBID's core area realized a 4.7% compounded annual growth rate from 2000 through 2007, according to a study published by the Center City Commission.

HOUSING UNITS SHELBY COUNTY, TENNESSEE, 1960-2000

<u>Year</u>	<u>Total Units</u>	Occupied	Occupied	<u>Total Vacant Units</u>	<u>Renter Vacancies</u>	
		<u>Owner Units</u>	<u>Renter Units</u>		<u>Number</u>	<u>Rate</u>
2000	362,954	213,360	125,006	24,588	11,260	8.26%
1990	327,796	180,490	123,081	24,225	13,523	9.90
1980	286,381	158,171	111,015	17,195	7,771	6.54
1970	218,610	122,745	90,782	n.a.	5,083	5.60
1960	179,313	99,543	75,215	n.a.	4,555	6.06

Source: U.S. Bureau of the Census.

The table below provides annual data on the number of building permits granted by the County and the value of related construction between 1999-2008.

SHELBY COUNTY BUILDING PERMITS Total Building Permits ⁽¹⁾

<u>Year</u>	<u>Total Number Issued</u>	<u>Valuation (in \$000)</u>
1999	11,082	\$ 1,578,851
2000	10,999	1,895,515
2001	10,457	2,263,291
2002	10,358	1,166,534
2003	10,987	1,316,226
2004	12,702	1,449,138
2005	11,789	1,361,240
2006	10,860	1,576,236
2007	9,761	1,596,808
2008	7,010	1,298,270

Source: Shelby County Building Department. The County implemented a new system to track Building Permits in 2002. Historical permits since 1999 were included; some adjustments were made to the records in this process.

⁽¹⁾ Totals do not include building permits of incorporated areas within the County except the City of Memphis.

Financial Institutions

There are more than thirty-five financial institutions operating in the County. The following table provides a listing of the banks operating in the County:

SHELBY COUNTY BANKS (in thousands of dollars)

Bank Name	Location of Corporate Headquarters	Number of Local Offices	Total Local Deposits
Bancorpsouth Bank	Tupelo, MS	9	205,343
Bank of America N.A.	Charlotte, NC	17	757,286
Bank of Bartlett	Bartlett, TN	8	386,772
BankTennessee	Collierville, TN	5	182,747
Brighton Bank	Brighton, TN	1	21,363
Cadence Bank N A	Starkville, MS	6	160,825
Citizens Savings B&T Co	Nashville, TN	1	356
Commercial Bank&Trust Co	Paris, TN	3	123,026
Community Bank National Assn	Memphis, TN	1	5,725
Financial Fsb	Memphis, TN	1	198,982
First Alliance Bank	Cordova, TN	2	99,859
First Bank	Lexington, TN	2	25,029
First Capital Bank	Germantown, TN	1	169,994
First Citizens National Bank	Dyersburg, TN	4	125,999
First State Bank	Union City, TN	1	15,530
First Tennessee Bank Na	Memphis, TN	48	7,592,434
Fort Sill National Bank	Fort Sill, OK	1	180
Independent Bank	Memphis, TN	8	567,478
Insouth Bank	Brownsville, TN	3	111,403
Landmark Community Bank	Collierville, TN	3	48,893
Magna Bank	Memphis, TN	4	290,317
Merchants&Farmers Bank	Kosciusko, MS	4	30,392
Metropolitan Bank	Crystal Springs, MS	2	20,983
Oakland Deposit Bank	Oakland, TN	1	23,301
Paragon National Bank	Memphis, TN	4	276,507
Patriot Bank	Millington, TN	3	114,486
Pulaski Bank&Trust Co	Little Rock, AR	2	152,557
Regions Bank	Birmingham, AL	46	2,828,479
Renasant Bank	Tupelo, MS	4	254,791
Suntrust Bank	Atlanta, GA	35	1,632,571
Tri-State Bank Of Memphis	Memphis, TN	5	108,857
Triumph Bank	Germantown, TN	3	119,516
Trust One Bank	Memphis, TN	9	361,350
Trustmark National Bank	Jackson, MS	11	312,429
Wachovia Bank National Assn	Charlotte, NC	6	185,478

Source: FDIC; as of June 30, 2008.

The Economy

In recent years, the economy of the County has experienced notable success in attracting new businesses along with the continued growth of existing businesses. The result has been relatively steady total employment in the County during periods of sluggish growth or declines in the national economy with substantial increases when the national economy improves. This success is due in large part to the County's location near the geographic center of the nation combined with excellent transportation facilities. Also, the County benefits from serving as the trade center for the surrounding area.

Trade Area

Trade and retail facilities in the County are extensive and serve a trade area of 105 counties, with a radius of roughly 200 miles east and west and a longer radius paralleling the Mississippi River 300 miles north and south. This trade territory includes 13 counties in Arkansas, one county in Kentucky, 41 counties in Mississippi, two counties in Missouri, and 19 counties in Tennessee.

Agribusiness

The Mid-South area, encompassing the Mississippi River Delta, is one of the richest agricultural areas in the nation. Farming is a major occupation of the region and has developed into major agribusiness activities. The 200-day growing season and favorable climate encourage the production of a variety of products. The major emphasis is on soybeans, cotton, and cattle, with additional interest in rice, corn, peaches, apples, and a variety of vegetables.

The County is the world's largest spot cotton market, with more than 40 percent of the nation's entire cotton crop traded here annually. In addition to being the leading cotton market, the County now is the nation's second largest processor of soybeans, third largest meat processor, and third largest total food processor. Also agricultural processors, packers, shippers, distributors, and merchants are becoming increasingly visible contributors to the growth of the County and its economy. Nearly every supplier of machines, equipment, chemicals, and technology to the farm and the industry levels of agribusiness utilize the County as a major sales and distribution center.

An international agricultural market center, Agricenter International, was established in 1985. The 140,000 square-foot exhibition center provides a forum for manufacturers, researchers and agribusiness organizations and producers from across the country. Facilities at Agricenter include a 1,000-acre demonstration farm, both indoor and outdoor exhibition space, and an auditorium with seating capacity of 500. Agricenter is located in the eastern section of the County about 30 minutes from downtown Memphis. It is a nonprofit entity that operates on a management contract with the Shelby County Agricenter Commission.

Tourism

The County's tourism industry has shown considerable growth since 1990. Among the principal reasons for the growth have been the investment of public funds into tourism development projects, the area's music culture and industry, and the development of casino gaming in nearby Northern Mississippi.

The County's two single largest tourist attractions draw on the area's rich music heritage. The Beale Street Historic District is located in downtown Memphis and on an annual basis attracts approximately 3 million patrons, both tourists and residents. The District was redeveloped through both government and private efforts beginning in 1983 and is on the National Register as an official historic district. Entertainment in the District focuses on the Blues, which developed on Beale Street throughout the early and middle part of this century. The other large music-related attraction is Graceland, the home of the late Elvis Presley. The mansion and related area are set up as a museum honoring the early rock and roll pioneer. It attracts more than 750,000 people every year, many who make Graceland the primary reason for their visit to the County.

Much of the area's tourism activity is focused on downtown Memphis. Mud Island, a park and museum devoted to the history, environment and culture of the Mississippi River, is located in Memphis' harbor. The Convention Center is downtown and hosts business and other gatherings. In 2003, a \$92 million expansion to the convention center was completed, which included the construction of the Cannon Center for the Performing Arts, home to the Memphis Symphony. The National Civil Rights Museum is located at the Lorraine Motel; it offers a comprehensive overview of the American Civil Rights Movement in exhibit form. A trolley system operates on the Main Street Mall with the principal purpose of shuttling visitors between various tourist and business locations located downtown. The trolley system recently completed a \$40 million extension east into the Medical District. In 2000, Memphis became the home of the Memphis Redbirds, a minor league baseball team, and constructed a new stadium, AutoZone Park, in the heart of downtown. In 2001, the NBA Vancouver Grizzlies were refranchised and relocated to Memphis. A new arena, the FedEx Forum, was constructed just south of Beale for the Grizzlies' use. It opened for the 2004-2005 NBA season.

Many other features of the County enhance its ability to attract visitors. These include its 13,291-acre park system which is the largest urban park system in the country, the Memphis Zoo and Aquarium, a number of fine art galleries, Overton Square entertainment district, the 62,000-seat Liberty Bowl Memorial stadium and the Memphis International Motorsports Park.

There are more than 15,000 hotel rooms available to serve the County area, including the historic Peabody Hotel, the Memphis Marriott Downtown Hotel, the recently built Westin Hotel, and other facilities downtown along with a number of large hotels in the eastern part of the City of Memphis and County. The Memphis Marriott Downtown Hotel, a 400-room hotel adjacent to the Cook Convention Center, recently added 200 rooms, making it the largest hotel in Shelby County.

Economic Development of the County

One of the County's primary attractions for economic development opportunities is the combination of its central location in the United States and its excellent transportation facilities, including air, rail and water (See "Transportation and Distribution" below). Another attractive feature for certain companies is the relatively low cost of living compared with other urban areas, including real estate prices.

The County and the City of Memphis have combined their development efforts into one unit under the Memphis-Shelby County Division of Planning and Development. In addition, two industrial development corporations have been established staffed by the Center City Commission, which was formed in 1977. Both the City of Memphis and Shelby County Government provide money for the operation of the Commission. The first corporation, Center City Revenue Finance Corporation, issues mortgage revenue bonds for qualified projects and also administers a payment-in-lieu-of-taxes (PILOT) program for the center city area. The latter, the Center City Development Corporation, promotes comprehensive redevelopment of the central business district. The Center City Commission is currently engaged in mobilizing resources and support for a number of other downtown projects including the renovation of several older commercial buildings. The Commission is also involved in efforts to develop residential housing, improved public transportation access, and a range of financial incentives to developers seeking to restore, redevelop, or construct other projects that relate to the overall planning objectives for the area.

The Memphis and Shelby County Industrial Development Board promotes industrial or labor intensive development throughout Shelby County. It administers a separate Payment-In-Lieu-Of-Taxes (PILOT) Program that promotes business expansion and industrial development throughout the County as well as the City. Applicants are encouraged to make a significant long-term commitment to the community in terms of capital investment, job creation and strength of wages. In 2007, eleven companies received tax incentives as a result of the program. In turn, these companies invested over \$159.1 million and committed over 1,100 new jobs. The PILOT Program awarded these companies \$25.7 million dollars in tax incentives.

Other economic development efforts are led in the County by the Memphis Area Chamber of Commerce, a private organization that receives financial support from its members. The Tennessee Department of Economic and Community Development is active in working to attract industrial and business prospects to the areas as a part of its state-wide recruiting efforts. Also, several local governments have combined their efforts to form the Millington Base Reuse Committee to find alternative industrial and economic uses for certain facilities vacated by the Navy Memphis Complex.

The County competes with other centrally located areas of the country and other parts of the State for economic development. Certain surrounding states offer more attractive financing and tax incentive plans than Tennessee to new or relocating businesses.

Central Business District

The Central Business District has undergone major redevelopment with a combination of private and public investment during the past decade; currently, more than \$3 billion of investment has been completed or is underway. Shelby County and the City of Memphis continue to develop plans for the revitalization of the area through the Center City Commission.

The Commission, formed in 1977, serves as the official partnership for downtown revitalization among local governments and the private sector. The Commission is involved in efforts to develop residential housing, to improve public transportation access in the District, and to assist in the redevelopment of older commercial buildings. It can offer a range of financial incentives to developers seeking to restore or redevelop projects that relate to the overall goals and objectives for the District as laid out by the local governments. Management of the Main Street Mall and marketing activities also fall under the jurisdiction of the Commission.

Much of the recent commercial development within the District has been at the southern end of downtown. The construction of AutoZone's headquarters and the Peabody Place office tower has added significant commercial office space to the downtown market. In 2001, the Peabody Place entertainment complex opened adjacent to the Peabody Hotel to contain retail shops, a large movie theatre, restaurants, and parking. Overall, on the south end of downtown, new shops, restaurants, and night clubs have opened and had success.

The NBA franchise Grizzlies moved to the County in the summer of 2001, and in 2004 moved to a new arena, the FedEx Forum, which serves as their home court.

Residential Development

At present, there are more than 10,000 residential units, and 23,500 residents, in the Central Business District. The occupancy rate in downtown is consistently in excess of 90% for both rental and sale housing. In 2005, the Uptown Project, a \$142 million renovation of public housing and construction of infill housing, was completed through a public/private partnership. As a part of the project, 1,148 homes in a variety of initiatives – historic, rehabilitated units; low income housing tax credit apartments; and neighborhood infill of single family homes – were completed on the north end of the Central Business District, turning 125 blocks of distressed residential into a mixed-income community.

Office Space

The market for office space in downtown has an occupancy rate of approximately 84%. Major renovations are being made to downtown buildings that will enhance the downtown office market by providing additional Class A space in the core as well as in adjacent districts.

Transportation and Distribution

Because much of the economy of the County and the City of Memphis depends on transportation and distribution, local leaders have formed an organization known as "Uniport" to unify the four modes of transportation: air, rail, highway and water. The Uniport concept is a network of air routes, rail lines, highway and river transportation connecting to provide economic growth of a broad transportation complex which serves as the nucleus for a totally integrated industrial-commercial community.

Air Service

Memphis International Airport ("Airport") is located on a 4,000-acre site on the southern outskirts of the City of Memphis. The Airport is served by five major passenger carriers: AirTran, American, Continental, Delta, and Northwest/KLM. Northwest uses the Airport as a major hub in its operational networks. Several commuter and regional airlines also serve the Airport.

The Airport is operated by the Memphis-Shelby County Airport Authority ("Airport Authority") created in 1969 by official action of the City and County. The Airport Authority is governed by a seven-member Board of Commissioners, appointed by the Mayor of the City with one nominated by the Mayor of the County and all confirmed by the Memphis City Council for seven-year terms.

More than 35,000 individuals work at the Airport and include airline, Airport Authority, FAA, concessionaires and tenant employees with a total payroll in excess of \$1 billion. Passenger enplanements exceeded 5.3 million for 2007 and aircraft movements totaled more than 331,000. All of the major air-freight carriers offer service through the International Airport to Shelby County.

In accordance with the Airport's five-year master plan, the Airport has completed a third parallel runway. This \$222 million project was funded by the federal government, Federal Express, the City of Memphis, airport revenue bonds and passenger facility charges. The project also includes extension and reconstruction of an existing runway and the development of 500 acres adjacent to the new runway to allow for development of airline service and support industries. A 600,000-square-foot UPS facility is now open, leaving 260 acres for further development.

Northwest/KLM Airlines offers daily international round-trip service to Amsterdam, Netherlands. The airline also offers international direct flights to Toronto, Canada; Vancouver, Canada; Cancun, Mexico; and Montego Bay, Jamaica.

Federal Express is headquartered in Shelby County. The main sorting facility is located just off of the Memphis International Airport runways. FedEx has completed several major expansion and improvement projects at its airport hub operations in recent years, and employment has increased. The company also has two major facilities in the County outside its airport operations. There is a 500,000-square-foot technology complex in Collierville, in the southeastern part of the County, where about 3,000 employees are located, including programmers, software developers, and support staff. The Company also has a new headquarters office complex in a nearby area of the County to accommodate and consolidate recent growth.

MEMPHIS INTERNATIONAL AIRPORT AVIATION ACTIVITIES

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>% Change 2007-2008</u>
Enplaned Passengers By Airline Type						
Major/National	2,506,980	3,049,644	2,987,172	3,285,850	3,050,355	-17.79%
Regional/Commuter	2,686,239	2,312,629	2,325,575	2,152,195	2,064,612	16.16%
Non-Scheduled	<u>3,031</u>	<u>5,187</u>	<u>7,199</u>	<u>5,540</u>	<u>26,888</u>	<u>-41.57%</u>
Total	<u>5,196,250</u>	<u>5,367,460</u>	<u>5,319,946</u>	<u>5,443,585</u>	<u>5,141,855</u>	<u>-3.19%</u>
Aircraft Total Movements/Operations	328,218	331,328	336,670	342,136	335,306	-0.94%
Aircraft Landed Weight (in thousand pound units)	26,511,588	26,807,294	26,118,145	25,992,831	25,005,748	-1.10%
Per Thousand Pounds of Cargo Enplaned 2008:	<u>Domestic</u>	<u>International</u>	<u>Air Mail</u>	<u>Total</u>		
Major Airlines	3,160.5	4,360.4	12.8	7,533.6		
Regional/Commuter	1,479.6	--	3.2	1,482.8		
Cargo Airlines	3,997,623.4	182,359.3	3,363.5	4,183,346.2		
Other	--	--	--	--		
2007 Total	<u>4,002,263.4</u>	<u>186,719.7</u>	<u>3,379.5</u>	<u>4,192,362.6</u>		
2006 Total	4,211,605.6	187,989.4	5,164.6	4,404,759.7		
Increase (Decrease)	-209,342.2	-1,269.8	-1,785.1	-212,397.0		
Percent Increase (Decrease)	-4.97%	-0.68%	-34.56%	-4.82%		

Source: Memphis-Shelby County Airport Authority, Calendar Year Statistics, February 2009

Water

The Mississippi River ranks third in length, fourth in drainage area and fifth in volume in the world. Among the world's ten largest rivers, reaching from the Gulf of Mexico deep into the heartlands of the United States, the Mississippi River system encompasses about 8,900 miles of navigable inland waterways. This system has also helped make Memphis a close neighbor of the agricultural Midwest and the industrial East and West Coasts. The waterways allow for barge service to New Orleans and other Gulf Ports along the Gulf Intercoastal Waterway. This intracoastal waterways system of approximately 1,173 miles connects Florida and Texas and has offered Memphis' industry unprecedented growth opportunities. In addition, regular service is available to Europe and Asia via the waterway system.

There is an abundance of usable industrially zoned land in the County, much of which is located where industry may utilize the water and the low-cost transportation of the Mississippi River. The Mississippi River provides extraordinary opportunities for the attraction of industries. Lying just off of the river, McKellar Lake, President's Island, Frank Pidgeon, and Rivergate Industrial Parks are excellent industrial locations. All of them front or are near a stillwater harbor that has a minimum depth of twelve feet.

In terms of freight handled, Memphis is the third largest shallow draft river port in the U.S. and second largest inland shallow draft river port on the Mississippi River. The Memphis port provides favorable transportation rates for waterborne movements and excellent port facilities that interconnect with other modes of transportation. The port handles more than 17 million tons of barge driven cargo each year. The navigation channel is maintained by the U.S. Army Corps of Engineers. A minimum 9-foot depth and 300-foot width is available year round, but a 12-foot deep channel is available approximately nine months of the year. Favorable climatic conditions permit year-round availability of water transportation to the present 161 tenants of the Port of Memphis and other users of the waterways. The value of the annual flow of goods and services is approximately \$680 million. A major portion of the recent tonnage increase is due to the port's improved handling capabilities for petroleum products.

Of the original 960 flood-free acres located on President's Island, only 2.4 percent of the land remains available, consisting of sixteen acres of waterfront land and seven acres of back land. Plans now exist to make an additional 1,000 acres of back land available for development. The Island already has two river-rail- truck terminals, which provide excellent overland facilities for foreign and domestic water shipments. All necessary utilities and services, including U.S. Customs inspections, and a Foreign Trade Zone are available.

Total tonnage shipped through the Port of Memphis between 1997-2006 is presented in the table below.

TOTAL TONNAGE PORT OF MEMPHIS (1997-2006)

<u>Year</u>	<u>Total Tonnage</u>
2006	19,100,259
2005	17,094,876
2004	17,520,436
2003	18,191,319
2002	16,400,555
2001	16,907,072
2000	18,269,265
1999	16,811,000
1998	17,211,000
1997	18,100,000

Source: Waterborne Commerce Statistics of the United States; <http://www.iwr.usace.army.mil/ndc/index.htm>.

Two still-water harbors in the Memphis area provide shelter from the river current. Wolf River Harbor is the original harbor, located in north Memphis; and McKellar Lake is a \$50 million, man-made harbor just south of the Central Business District. Public facilities include three public terminals; LASH service; roll-on, roll-off service; bulk loading facilities to barges; bulk sacking facilities; chemical fertilizer storage tanks; heavy lifts up to 100 tons (CBI Nuclear heavy lift to 1200T); two boat/barge repair facilities; and six grain elevators.

Most major common carrier barge lines provide service to the Memphis Port including American Commercial Barge Lines, Federal Barge Lines, Ohio Barge Lines, Sioux City and New Orleans Barge Lines, DRAVO-Mechling Corporation, Riverway Barge Corporation, and Valley Barge Lines.

Rail

Six Class One railroads operate out of the County with competitive freight service to all principal cities in the U.S. and direct, on-line service to 35 states. Serving the County area are the Norfolk Southern Railroad, Burlington Northern, Seaboard System, St. Louis-Southwestern Railway Lines, and the Union Pacific System. Eighteen other rail carriers maintain off-duty offices in the County for the development and coordination of traffic over their lines. The rail lines offer a variety of modern, specialized equipment and services, including piggy-back and containerized freight.

Highway

The County is connected to the rest of the nation by eight federal, three interstate, and seven state highway systems. These highways combined with a circumferential expressway and two highway bridges crossing the Mississippi River make all parts of Memphis readily accessible to its surrounding communities.

Public Transit

The Memphis Area Transit Authority (MATA) provides public mass transportation in the City of Memphis, with limited service furnished in Bartlett, Germantown, Collierville, Millington, and Raleigh. According to MATA officials, the fleet of 232 buses serves 53,000 passengers daily. Of the 33 total bus routes, 5 are Blazer (express) routes, 7 are cross-town routes, and 21 are local routes. MATA also operates a shuttle service known as the "Hustle Bus" between downtown Memphis and the Medical Center, a service initially funded by a Federal Demonstration Grant. MATA is presently operating 10 privately sponsored "showboat" buses. These theme buses operate on routes combining tourist attractions, restaurants, and shopping facilities. MATA's Main Street Trolley service operates along 2.5 miles of track in downtown Memphis. The line serves numerous restaurants, retail stores and attractions throughout downtown, such as The Pyramid, Convention Center, Beale Street, The Orpheum and the National Civil Rights Museum. The line has recently been extended to serve the Medical Center.

MATA, as with most metropolitan transit systems, has been faced with decreasing federal subsidies and rising costs. The MATA Board has responded to these pressures by a combination of increased fares and service reductions, as well as a current effort to lease excess buses to other transit authorities across the nation.

Interstate Bus Lines

Continental Trailways/Greyhound Bus Lines is the major interstate bus line serving the County, offering bus service from its Memphis terminals to the continental United States and Canada and supported by three smaller lines: Bridge Transit Corp., Great Southern Coaches, and Gulf Transport Co.

Utilities

Memphis Light, Gas and Water Division (www.mlgw.com)

The Memphis Light, Gas and Water Division ("MLGW") is a municipally owned utility which distributes electric power and natural gas throughout the City of Memphis and the County, as well as, water within the City of Memphis and certain adjacent areas. MLGW was created by an amendment to the Charter of the City by Chapter 381 of the Private Acts of the General Assembly, adopted March 9, 1939. MLGW is managed by its board, which consists of five members nominated by the City of Memphis Mayor and approved by the Council. Board members serve for three-year terms. MLGW has control over the administration of its activities in connection with MLGW's business affairs. It operates as three separate divisions (Electric, Gas, and Water), for accounting and financial purposes. MLGW's fiscal year is the calendar year.

MLGW is committed to purchase almost all of its power from Tennessee Valley Authority ("TVA") under a contract, subject to termination by either MLGW or TVA, on not less than ten years' prior written notice.

MLGW contracts with Texas Gas Transmission Corporation to receive gas from Texas and Louisiana fields. MLGW also purchases gas from various suppliers on the "spot market".

Memphis water is provided through an excellent artesian water supply. The water is soft bicarbonate, low in sulphate and chlorides, and contains no organic matter or harmful bacteria. It is aerated, filtered, chlorinated and fluoridated. There are nine pumping stations in Memphis, each adjacent to its well field. These stations are interconnected by a network of mains and have an installed service pumping capacity average of 133 million gallons per day.

Education

The Shelby County school system has 48 schools and employs 3,065 teachers. The City of Memphis school system is one of the largest in the nation with over 16,500 employees and 191 schools staffed by more than 8,000 teachers. All schools are approved by the Tennessee State Department of Education. The Southern Association of Schools and Colleges accredits the secondary and elementary schools, and some junior high schools are in the process of accreditation by SACS. There are also approximately 60 private schools in the City and the County.

MEMBERSHIP AND ATTENDANCE School Systems

Year	<u>Memphis City Schools</u>		<u>Shelby County Schools</u>	
	Average Daily Membership	Average Daily Attendance	Average Daily Membership	Average Daily Attendance
2007-2008	107,314	101,304	46,537	44,443
2006-2007	110,753	104,440	45,897	43,786
2005-2006	117,948	110,937	46,523	45,923
2004-2005 ⁽¹⁾	117,740	108,809	44,868	42,661
2003-2004	115,702	106,323	46,267	43,966
2002-2003	117,753	108,655	46,469	44,081
2001-2002	116,974	107,504	44,807	42,039
2000-2001	115,878	107,328	45,105	42,416
1999-2000 ⁽²⁾	117,795	109,795	44,492	41,847
1998-1999	111,138	101,410	48,970	45,433

Source: Tennessee Department of Education Report Card, January 2009

⁽¹⁾ Getwell East Annexation occurred.

⁽²⁾ Hickory Hill Annexation occurred, resulting in a loss of over 4,000 students to Shelby County Schools.

Colleges and Universities

Memphis is home to about 45,000 students enrolled in more than 15 local colleges, universities, and technical institutions. The following is a partial list.

Baptist Memorial College of Health Sciences	Mid-America Baptist Theological Seminary
Hospital of Xray Technology	Mid-South Community College
School of Medical Records Library	Northwest Mississippi Junior College
School of Nursing	Remington College Rhodes College
Belhaven College	Southern College of Optometry
Christian Brothers University	Southwest Tennessee Community College
Crichton College	Tennessee Technology Center at Memphis
Embry-Riddle Aeronautical University	University of Memphis
Harding University Graduate School of Religion	University of Mississippi, DeSoto Center
ITT Technical Institute	University of Tennessee – Memphis
LeMoyne-Owen College	College of Medicine
Memphis College of Art	College of Dentistry
Memphis Theological Seminary	College of Pharmacy
Methodist Hospital School of Medical Sciences	Union University, Germantown Campus
School of Nursing	William R. Moore College of Technology
School of Radiologic Technology	

The University of Memphis, a co-educational institution founded in 1909, is a state-supported institution with schools in Arts and Sciences, Business Administration, Education and Law, with approximately 20,000 students enrolled. The University offers graduate schools of Arts and Sciences, Business, Education, Engineering and Industrial Technology. Research services provided by MSU include the Bureau of Business and Economic Research, the Bureau of Social Research, and the Bureau of Educational Services and Research. The University also has a Center for Regional Development to provide counseling in industrial expansion efforts.

The University of Tennessee Medical Units is the largest medical education center in Tennessee. The University of Tennessee College of Medicine graduates approximately 200 physicians each year. Included in the Medical Units are the College of Dentistry, College of Pharmacy, College of Basic Medical Sciences and a Graduate School of Medical Sciences.

Medical Facilities

Shelby County, encompassing one of the most comprehensive collections of health care centers in the nation, has 19 hospitals providing 4,262 beds and numerous other health care facilities. The health care industry contributes over \$10.4 billion to the economy annually. Over 13 percent of jobs are generated by health care in Shelby County. There are also 32 nursing homes (with a total of approximately 4,235 beds), 23 homes for the aged offering 320 beds and 14 assisted care living facilities offering 1,213 beds. Memphis is also home to over 100 specialty clinics, including nationally recognized Campbell Clinic, Semmes-Murphy Clinic and Shea Clinic.

The Regional Medical Center at Memphis (The MED) is a private hospital owned by a not-for-profit corporation, which receives substantial annual appropriations from the County. Much of its debt funding also is provided through the County. With more than 14,000 admissions and 140,000 outpatient visits per year, the hospital trains approximately 750 medical students, residents, and fellows annually in connection with the University of Tennessee Medical Units. The hospital has the only accredited skin bank in the State, the only HIV/AIDS center in the Mid-South, and the Diggs-Kraus Sickle Cell Research Center.

The MED's Centers of Excellence include the Elvis Presley Memorial Trauma Center, which is the only Level 1 trauma center in the region and the third busiest in the nation; the firefighters Regional Burn Center, the only full-service center in a 150-mile radius; the Newborn Center (an intensive care unit for premature and distressed newborns), the only Level IV center in West Tennessee; the Wound Care Center, which specializes in the treatment of chronic non-healing wounds; and High Risk Obstetrics, where more babies are born each year than in any other Memphis hospital.

Baptist Memorial HealthCare Corp. ("Baptist") is the world's largest private hospital, based on the number of admissions. At its various facilities, it provides a broad array line of medical and surgical treatments. Its parent organization, headquartered in the County, owns and manages hospitals located throughout the Mid-South. Baptist has recently completed a \$172.5 million expansion to its Baptist East facility, including a new heart hospital and a freestanding women's hospital, the first of its kind in the Mid-South.

Methodist Health Systems ("Methodist") is the second largest private, not-for-profit hospital in the United States. Methodist has six hospitals in the region, as well as LeBonheur Children's Medical Center. Methodist also operates rural health clinics and home health agencies. In total in the region, Methodist has 10,249 Associates and 1,805 licensed beds. Methodist provides strategic medical care through the development of specialized Centers of Excellence in the regional hospitals that focus resources on major disease areas. LeBonheur is currently building a \$327 million pediatric facility to replace its existing building. LeBonheur has a dominant market share in the pediatric healthcare market and operates clinics and outpatient facilities in various locations. Methodist Germantown recently completed a \$50 million, 89-bed expansion project, which includes specialized facilities designed to provide comprehensive cardiac services. The expansion added 152,000 square feet to the hospital and brought the total number of beds to 209. The hospital has also expanded its emergency department and added a Women's and Children's Pavilion, which houses expanded maternity, neonatal, intensive care, and surgery services.

St. Jude Children's Research Hospital ("St. Jude") was founded by the late actor, Danny Thomas. Located in Downtown Memphis, St. Jude is the world's leading childhood cancer research center and one of the only institutions devoted solely to the study of catastrophic childhood illnesses, with its primary focus on leukemia and solid tumors. The hospital has approximately 3,000 patients. It treats patients from across the country and throughout the Western Hemisphere, all with no charge.

St. Jude is in the midst of a five-year, \$1 billion expansion program that includes the construction of five new buildings and renovation of existing buildings, which will double the facility's size and greatly expand research capacity for genetic and infectious diseases. In 2003, its \$36 million Good Manufacturing Practices facility was completed and manufactures vaccines and gene therapy components for treating patients. This combination of new facilities, new equipment and expanded research has increased employment from 2,000 to near 3,700 and pushed annual operating costs to over \$400 million. The adjacent UPTOWN neighborhood is currently being redeveloped to provide mixed income housing for a portion of these new workers.

U. S. Government

Navy Memphis Complex at Millington – The U.S. Navy operates several key offices and commands at its complex in north Shelby County within the city limits of Millington. There are a total of more than 6,000 civilian and military employees at the facility. The major offices that were relocated to the complex in 1999 include:

- The headquarters of the Bureau of Naval Personnel
- The Naval Recruiting Command
- The Navy Personnel Research and Development Center

Also, the Department of Defense has located a satellite office of the Defense Finance and Accounting Service and the headquarters of the U.S. Army Corps of Engineers Finance and Accounting Office at the Millington complex.

Internal Revenue Service - The Internal Revenue Service Center serves a six-state area and is the only one of the 10 facilities in the country to be designated as a computer center, a customer service site and a submission-processing site. Its employment varies from 2,300 to 4,200 during the year, peaking during tax season. The local payroll is in excess of \$90 million.

Libraries

The Memphis/Shelby County Library System has 22 branches throughout the area, and an annual circulation of about 4 million books. The Memphis and Shelby County library system houses 1.7 million volumes. In 2001, a new main library, the \$70 million Memphis and Shelby County Public Library and Information Center, opened to serve as the flagship information hub of the Mid-South. Situated in the middle of the City, the new 330,000 square-foot facility is larger and more accessible to all residents. Colleges, universities, businesses, industries, and organizations maintain numerous other libraries.

Communications

One major daily newspaper, which is circulated throughout the 76-county area, a financial daily, and many weekly publications serve the County. There are six television stations in the County: ABC, CBS, NBC, PBS, FOX and UPN affiliates. In addition, Time Warner Cable television is available. There are 17 AM, and 25 FM radio stations.

BellSouth Communications and numerous other providers of long distance service operate within the City. The network provides a vast range of services and communication techniques to over 302,000 main line telephones in the area, including service to more than 295,000 households.

The City serves as one of the regional post office and bulk mail distribution centers for the eleven-state Southern Postal Region. This is the headquarters for the administration of more than 7,500 post offices.

Recreation

The County is famous for its duck hunting and the surrounding areas provide deer hunting, upland game hunting for squirrel, rabbit, quail, and doves, and year-round fishing for bass, crappie and pan fish.

There are two state parks in the County: the 12,512 acre Meeman-Shelby Forest State Park, and T.O. Fuller State Park. Chickasaw State Park with 11,000 acres and Natchez Trace State Park with 42,000 acres are nearby in West Tennessee. The largest local park is Shelby Farms, more than 4,000 acres centrally located in the County and operated by County Government. It contains a wide variety of recreational areas including lakes, biking trails, sports fields, picnic grounds, and agricultural demonstration facilities. It is the site of Agricenter International among other facilities. The County also has developed a large soccer complex with a combination of private and public funds to host local and regional soccer tournaments. Parks operated by the Memphis Park Commission also serve residents in the County. Audubon (373 acres), Overton (357 acres), King Riverside (340 acres), and Edmund Orgill Park (443 acres plus 160 acres undeveloped) are the County's largest and most popular parks. The Park Commission supervises 63 playgrounds during the summer and, there, provides 20,000 children with lunches. There are also 136 baseball fields throughout the County, 10 publicly owned and 17 privately owned golf courses and numerous swimming, tennis, bowling and skating facilities. Shelby County is also the home of the prestigious Southwind Tournament Players Club Golf Course, home of the St. Jude Hospital Memphis Classic Golf Tournament.

There are 26 community centers available in the County as well as a children's theater, a hobby center, a center and programs for the handicapped, and four senior citizens centers. Boating and water-skiing are popular activities, while facilities for other individual sports such as handball, horseback riding, or archery are also provided throughout the Shelby County area.

Athletics for the spectator sportsmen include the PGA tour event, the St. Jude Classic Golf tournament, the Regions Morgan Keegan Championships, the AutoZone St. Jude Liberty Bowl Football Classic, the Southern Heritage Football Classic, the Memphis Grizzlies NBA franchise, Memphis Redbirds AAA baseball, the University of Memphis Tigers basketball and football, professional exhibition games, and high school tournaments. Trade exhibitions, such as events sponsored by the Memphis Gun Club; the Germantown Charity Horse Show; and the National Bird Dog Championship provide other opportunities for the sports-minded.

APPENDIX A
SHELBY COUNTY, TENNESSEE, FINANCIAL STATEMENTS
DATED JUNE 30, 2008

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GENERAL PURPOSE FINANCIAL STATEMENTS

Audited Financial Statements of Shelby County, Tennessee (the "County") and supplementary information as of and for the fiscal year ending June 30, 2008 together with the independent auditors' report thereon from Watkins Uiberall, PLLC and Banks, Finley, White & Co: (1) have been filed with each nationally recognized municipal securities information repository, as described herein under "Continuing Disclosure," and may be obtained from them in accordance with their respective procedures, and (2) are available through the website of Shelby County's Department of Finance at http://www.shelbycountyttn.gov/FirstPortal/dotShowDoc/Government/CountyServices/AdminandFinance/08_cafr_index.htm. To the extent there are any differences between the electronically posted financial statements of the County and the printed financial statements of the County, the printed version shall control.

Only the following items, each of which has been posted on the website referenced above, are described above and incorporated herein by reference:

For the Year Ended June 30, 2008

- Independent Auditors' Report, dated December 23, 2008
- Management's Discussion and Analysis
- Statement of Net Assets
- Statement of Activities
- Balance Sheet, Governmental Funds
- Reconciliation of Fund Balances of Governmental Funds to the Statement of Net Assets
- Statement of Revenues, Expenditures, and Changes in Fund Balances, Governmental Funds
- Reconciliation of Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Net Assets, Proprietary Funds
- Statement of Revenues, Expenses and Changes in Fund Net Assets, Proprietary Funds
- Statement of Cash Flows, Proprietary Funds
- Statement of Fiduciary Net Assets, Fiduciary Funds
- Statement of Changes in Fiduciary Net Assets, Fiduciary Funds
- Combining Statement of Net Assets, Component Units
- Combining Statement of Activities, Component Units
- Notes to the Financial Statements
- Budgetary Comparison Schedules, General Fund
- Budgetary Comparison Schedules, Education Fund
- Budgetary Comparison Schedules, Grants Fund
- Shelby County Retirement System, Required Supplemental Information